

# Senate File 38

SENATE FILE \_\_\_\_\_  
BY McCOY

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act relating to the regulation of credit unions by revising  
2 and reorganizing the Iowa credit union Act, making conforming  
3 changes, and providing for taxes, fees, and penalties.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
5 TLSB 1020SS 82  
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1 1 DIVISION I  
1 2 Section 1. NEW SECTION. 533.101 TITLE.  
1 3 This chapter shall be known as the "Iowa Credit Union Act".  
1 4 Sec. 2. NEW SECTION. 533.102 DEFINITIONS.  
1 5 As used in this chapter, unless the context otherwise  
1 6 requires:  
1 7 1. "Account insurance plan" means an arrangement providing  
1 8 account and share insurance which is of a type authorized  
1 9 under section 533.307.  
1 10 2. "Common bond" means the shared characteristic of  
1 11 members of a credit union.  
1 12 3. "Credit union" means a cooperative, nonprofit  
1 13 association, organized or incorporated in accordance with the  
1 14 provisions of this chapter or under the laws of another state  
1 15 or the Federal Credit Union Act, 12 U.S.C. } 1751, et seq.,  
1 16 for the purposes of creating a source of credit at a fair and  
1 17 reasonable rate of interest, of encouraging habits of thrift  
1 18 among its members, and of providing an opportunity for its  
1 19 members to use and control their own money on a democratic  
1 20 basis in order to improve their economic and social condition.  
1 21 A credit union is also a supervised financial organization  
1 22 as that term is defined and used in chapter 537, the Iowa  
1 23 consumer credit code.  
1 24 4. "Credit union service organization" means a corporation  
1 25 or limited partnership organized under state law to provide  
1 26 financial and financial-related services for one or more  
1 27 credit unions, each of which owns part of the capital stock of  
1 28 the credit union service organization, as authorized under  
1 29 section 533.301, subsection 5, paragraph "f", and which  
1 30 corporation or limited partnership is subject to examination  
1 31 by the credit union division of the Iowa department of  
1 32 commerce or a federal supervisory agency.  
1 33 5. "Ownership share" means a share of a credit union  
1 34 acquired by a member at the time membership is initiated.  
1 35 6. "State credit union" means a credit union organized  
2 1 pursuant to section 533.201.  
2 2 7. "Superintendent" means the superintendent of credit  
2 3 unions appointed pursuant to section 533.104.  
2 4 Sec. 3. NEW SECTION. 533.103 CREDIT UNION DIVISION  
2 5 CREATED.  
2 6 A credit union division of the department of commerce is  
2 7 created to administer this chapter.  
2 8 Sec. 4. NEW SECTION. 533.104 SUPERINTENDENT.  
2 9 1. A superintendent of credit unions shall be appointed by  
2 10 the governor, subject to confirmation by the senate, to  
2 11 regulate credit unions.  
2 12 a. The appointee shall be selected solely with regard to  
2 13 qualification and fitness to discharge the duties of office.  
2 14 b. The individual appointed shall have at least five  
2 15 years' experience as a director or executive officer of a  
2 16 credit union, or comparable experience in the regulation or  
2 17 examination of credit unions. For purposes of this paragraph,  
2 18 credit union membership does not qualify as credit union  
2 19 experience.

2 20 2. The superintendent shall have an office at the seat of  
2 21 government. The superintendent's term of office shall be four  
2 22 years beginning and ending as provided by section 69.19. The  
2 23 governor may remove the superintendent for malfeasance in  
2 24 office, or for any cause that renders the superintendent  
2 25 ineligible, incapable, or unfit to discharge the duties of the  
2 26 office.

2 27 3. The superintendent shall receive a salary set by the  
2 28 governor within a range established by the general assembly.

2 29 4. A vacancy in the office of superintendent shall be  
2 30 filled for the unexpired portion of the regular term.

2 31 5. The superintendent may adopt rules as necessary or  
2 32 appropriate to administer this chapter.

2 33 Sec. 5. NEW SECTION. 533.105 DEPUTY SUPERINTENDENT.

2 34 1. The superintendent may appoint an employee of the  
2 35 credit union division as deputy superintendent to perform the  
3 1 duties of the superintendent during the superintendent's  
3 2 absence or inability to act.

3 3 2. The deputy superintendent shall serve at the pleasure  
3 4 of the superintendent. If the office of the superintendent  
3 5 becomes vacant, the deputy superintendent shall have all  
3 6 powers and duties of the superintendent until a new  
3 7 superintendent is appointed by the governor in accordance with  
3 8 this chapter.

3 9 3. The deputy superintendent shall receive a salary to be  
3 10 fixed by the superintendent.

3 11 Sec. 6. NEW SECTION. 533.106 EMPLOYEES.

3 12 1. a. The superintendent may appoint assistants,  
3 13 examiners, and other employees as the superintendent considers  
3 14 necessary to the proper discharge of duties imposed upon the  
3 15 superintendent by the laws of this state.

3 16 b. Pay plans shall be established for the credit union  
3 17 division employees, other than clerical employees, who  
3 18 supervise and examine the accounts and affairs of credit  
3 19 unions and other persons, subject to supervision and  
3 20 regulation by the superintendent, that are substantially  
3 21 equivalent to those paid by the national credit union  
3 22 administration and other federal supervisory agencies in this  
3 23 area of the United States.

3 24 2. a. A state credit union, or its officers, directors,  
3 25 or employees, shall not directly or indirectly make a loan of  
3 26 money or property to the superintendent.

3 27 b. The superintendent shall not directly or indirectly  
3 28 accept a loan of money or property from a state credit union,  
3 29 or its officers, directors, or employees.

3 30 3. a. An employee of the credit union division, other  
3 31 than the superintendent, may borrow money from a state credit  
3 32 union only on comparable terms and conditions to those  
3 33 ordinarily extended to all members of the credit union. The  
3 34 employee shall notify the superintendent of the acceptance of  
3 35 a loan from a state credit union.

4 1 b. The superintendent may restrict borrowing by employees  
4 2 from state credit unions if the superintendent determines such  
4 3 borrowing will interfere with the functions of the credit  
4 4 union division.

4 5 c. An employee shall not participate in the examination of  
4 6 a credit union where the employee has a loan.

4 7 4. The superintendent or an employee of the credit union  
4 8 division, other than a member of the state credit union  
4 9 council, shall not perform any services for or be an officer,  
4 10 director, or employee of a state credit union or any other  
4 11 entity supervised or regulated by the credit union division.

4 12 5. A person who violates this section shall be permanently  
4 13 disqualified from acting as an officer, director, or employee  
4 14 of a state credit union and permanently disqualified from  
4 15 acting as superintendent or an employee of the credit union  
4 16 division.

4 17 6. The superintendent or an employee of the credit union  
4 18 division who is convicted of theft, burglary, robbery,  
4 19 larceny, embezzlement, or other crime involving breach of  
4 20 trust shall be forever disqualified from holding any position  
4 21 in the credit union division.

4 22 Sec. 7. NEW SECTION. 533.107 CREDIT UNION COUNCIL.

4 23 1. A credit union council is created.

4 24 a. The council shall be composed of all of the following  
4 25 persons:

4 26 (1) The superintendent, who shall be an ex officio,  
4 27 nonvoting member and chairperson.

4 28 (2) Seven other members, five of whom shall have been, for  
4 29 at least the previous five years, members in good standing of  
4 30 either an Iowa state credit union or a credit union chartered

4 31 under the Federal Credit Union Act and having its principal  
4 32 place of business in Iowa. Two of the members may be public  
4 33 members. At no time shall more than five of the members be  
4 34 directors or employees of a credit union.

4 35 b. The members shall serve three-year staggered terms  
5 1 beginning and ending as provided by section 69.19.

5 2 2. The members of the council shall be appointed by the  
5 3 governor. The governor may appoint the members of the council  
5 4 from a list of nominees submitted to the governor by the  
5 5 credit unions located in this state.

5 6 3. a. The council shall meet at least four times each  
5 7 year and shall hold special meetings at the call of the  
5 8 chairperson.

5 9 b. Four voting members constitute a quorum.

5 10 c. The council shall serve as an advisory body to the  
5 11 superintendent on such matters as the superintendent shall  
5 12 bring to the council's attention, including the following:

5 13 (1) Recommended changes in the examination and regulation  
5 14 of credit unions.

5 15 (2) Strategic planning for credit union-provided services.

5 16 (3) Statutory revisions.

5 17 (4) Recommendations regarding the annual fee authorized by  
5 18 section 533.112, subsection 1.

5 19 4. a. Each member of the council shall receive actual and  
5 20 necessary expenses incurred in the discharge of official  
5 21 duties.

5 22 b. Each member of the council may also be eligible to  
5 23 receive compensation as provided in section 7E.6.

5 24 5. A member of the credit union council shall not take  
5 25 part in any action or participate in any decision when the  
5 26 matter under consideration specifically relates to a credit  
5 27 union of which the council member is a member.

5 28 Sec. 8. NEW SECTION. 533.108 RECORDS OF CREDIT UNION  
5 29 DIVISION.

5 30 1. a. Records of the credit union division are public  
5 31 records subject to the provisions of chapter 22, except as  
5 32 otherwise provided in this chapter.

5 33 b. Papers, documents, writings, reports, reports of  
5 34 examinations and other information relating specifically to  
5 35 the supervision and regulation of a specific state credit  
6 1 union or of other persons by the superintendent pursuant to  
6 2 the laws of this state are not public records and shall not be  
6 3 open for examination or copying by the public or for  
6 4 examination or publication by the news media. The  
6 5 superintendent or an employee of the credit union division  
6 6 shall not disclose such information in any manner to any  
6 7 person other than the person examined, except as otherwise  
6 8 authorized by this section.

6 9 2. a. The superintendent or an employee of the credit  
6 10 union division shall not be subpoenaed in any cause or  
6 11 proceeding to give testimony concerning papers, documents,  
6 12 writings, reports, reports of examinations, or other  
6 13 information relating to the supervision and regulation of a  
6 14 specific state credit union or persons by the superintendent  
6 15 pursuant to the laws of this state.

6 16 b. The papers, documents, writings, reports, reports of  
6 17 examinations, and other information of the credit union  
6 18 division that relate to the supervision and regulation of a  
6 19 specific state credit union or persons shall not be offered in  
6 20 evidence in a court or be subject to subpoena by a party,  
6 21 except when relevant in the following matters:

6 22 (1) In actions or proceedings brought by the  
6 23 superintendent.

6 24 (2) In matters in which an interested and proper party  
6 25 seeks review of a decision of the superintendent.

6 26 (3) In actions or proceedings that arise out of the  
6 27 criminal provisions of the laws of this state or of the United  
6 28 States.

6 29 (4) In actions brought as shareholder derivative suits  
6 30 against a credit union by a member who has acquired an  
6 31 ownership share.

6 32 (5) In actions brought to recover moneys or to recover  
6 33 upon an indemnity bond for embezzlement, misappropriation, or  
6 34 misuse of credit union funds.

6 35 3. a. Information, records, and documents utilized for  
7 1 the purpose of, or in the course of, investigation,  
7 2 regulation, or examination of a specific credit union,  
7 3 received by the credit union division from some other  
7 4 governmental entity that treats such information, records, and  
7 5 documents as confidential, are confidential and shall not be  
7 6 disclosed by the division and are not subject to subpoena.

7 7 b. Information, records, and documents under paragraph "a"  
7 8 do not constitute a public record subject to examination and  
7 9 copying under chapter 22.

7 10 c. The superintendent may exchange with governmental  
7 11 regulatory officials confidential information, records, and  
7 12 documents that are not a public record subject to examination  
7 13 and copying under chapter 22 provided that the other officials  
7 14 are subject to, or agree to comply with, standards of  
7 15 confidentiality comparable to those contained in this section.

7 16 Sec. 9. NEW SECTION. 533.109 INSURANCE AND SURETY BOND.

7 17 1. The superintendent shall acquire good and sufficient  
7 18 bond in a company authorized to do business in this state in  
7 19 order to ensure both of the following:

7 20 a. The faithful performance of the deputy superintendent,  
7 21 assistants, examiners, and all other employees of the credit  
7 22 union division.

7 23 b. Protection from any liability that may accrue in case  
7 24 of the loss of property of a state credit union, or of a  
7 25 member of a state credit union or of any other person, in the  
7 26 course of an examination, investigation, or other function  
7 27 required or allowed by the laws of this state.

7 28 2. The superintendent shall be bonded in accordance with  
7 29 chapter 64, provided that such bond shall be in the amount of  
7 30 one hundred thousand dollars.

7 31 Sec. 10. NEW SECTION. 533.110 REIMBURSEMENT OF EXPENSES.

7 32 1. The superintendent, deputy superintendent, assistants,  
7 33 examiners, and other employees of the credit union division  
7 34 are entitled to receive reimbursement for expenses incurred in  
7 35 the performance of their duties.

8 1 2. The superintendent, and when specifically authorized by  
8 2 the superintendent, the deputy superintendent, assistants,  
8 3 examiners, and other employees of the division, are entitled  
8 4 to receive reimbursement for expenses incurred while attending  
8 5 conventions, meetings, conferences, schools, or seminars  
8 6 relating to the performance of their duties.

8 7 Sec. 11. NEW SECTION. 533.111 EXPENSES OF THE CREDIT  
8 8 UNION DIVISION.

8 9 1. a. All expenses required in the discharge of the  
8 10 duties and responsibilities imposed upon the credit union  
8 11 division, the superintendent, and the credit union council by  
8 12 the laws of this state shall be paid from fees provided by the  
8 13 laws of this state and appropriated by the general assembly  
8 14 from the general fund of the state.

8 15 b. All fees imposed under this chapter are payable to the  
8 16 superintendent, who shall pay all fees and other moneys  
8 17 received to the treasurer of state within the time required by  
8 18 section 12.10. The treasurer of state shall deposit such  
8 19 funds in the general fund of the state.

8 20 2. The superintendent shall account for receipts and  
8 21 disbursements according to the separate duties imposed upon  
8 22 the superintendent by the laws of this state, and each  
8 23 separate duty shall be fiscally self-sustaining.

8 24 3. The credit union division may expend additional funds,  
8 25 including funds for additional personnel, if the additional  
8 26 expenditures are actual expenses that exceed the funds  
8 27 budgeted for credit union examinations and directly result  
8 28 from examinations of state credit unions.

8 29 a. The amounts necessary to fund the excess examination  
8 30 expenses shall be collected from state credit unions being  
8 31 regulated, and the collections shall be treated as repayment  
8 32 receipts as defined in section 8.2.

8 33 b. The division shall notify in writing the legislative  
8 34 services agency and the department of management when hiring  
8 35 additional personnel. The written notification shall include  
9 1 documentation that any additional expenditure related to such  
9 2 hiring will be totally reimbursed to the general fund of the  
9 3 state, and shall also include the division's justification for  
9 4 hiring such personnel. The division must obtain the approval  
9 5 of the department of management only if the number of  
9 6 additional personnel to be hired exceeds the number of full=  
9 7 time equivalent positions authorized by the general assembly.

9 8 4. a. All fees and other moneys collected shall be  
9 9 deposited into the general fund of the state and expenses  
9 10 required to be paid under this section shall be paid from  
9 11 funds appropriated for those purposes. Moneys deposited into  
9 12 the general fund of the state pursuant to this section shall  
9 13 be subject to the requirements of section 8.60.

9 14 b. Funds appropriated to the credit union division shall  
9 15 be subject at all times to the warrant of the director of  
9 16 revenue, drawn upon written requisition of the superintendent  
9 17 or a designated representative, for the payment of all

9 18 salaries and other expenses necessary to carry out the duties  
9 19 of the credit union division.

9 20 5. The credit union division may accept reimbursement of  
9 21 expenses related to the examination of a state credit union  
9 22 from the national credit union administration or any other  
9 23 guarantor or insurance plan authorized by this chapter. These  
9 24 reimbursements shall be deposited into the general fund of the  
9 25 state.

9 26 Sec. 12. NEW SECTION. 533.112 ANNUAL FEES == EXAMINATION  
9 27 FEES == DELINQUENCIES.

9 28 1. Each state credit union shall pay an annual fee as  
9 29 determined by the superintendent based on the actual cost of  
9 30 operating the credit union division. The superintendent shall  
9 31 consider recommendations from the credit union council and  
9 32 from state credit unions in determining the amount of the  
9 33 annual fee.

9 34 2. Each state credit union, corporation, credit union  
9 35 service organization, or other person subject to an  
10 1 examination pursuant to section 533.113 shall pay an  
10 2 examination fee. The superintendent shall establish by rule  
10 3 an examination fee schedule.

10 4 3. a. Failure of a state credit union, corporation,  
10 5 credit union service organization, or other person to pay a  
10 6 fee pursuant to subsection 1 or 2 shall result in the fee  
10 7 being considered delinquent and a penalty equal to five  
10 8 percent of the original fee may be assessed for each day or  
10 9 part of a day the payment remains delinquent.

10 10 b. A fee delinquency under this subsection by a  
10 11 corporation, credit union service organization, or other  
10 12 person may result in the superintendent collecting the  
10 13 delinquent fee and penalty from the state credit union owning  
10 14 shares or investments or having business transactions or a  
10 15 relationship with such corporation, credit union service  
10 16 organization, or other person.

10 17 c. A fee delinquency under this subsection may also  
10 18 constitute grounds for revocation of the certificate of  
10 19 approval of the credit union to operate in this state.

10 20 Sec. 13. NEW SECTION. 533.113 EXAMINATIONS.

10 21 1. The superintendent may do any or all of the following:  
10 22 a. Make or cause to be made an examination of a credit  
10 23 union whenever the superintendent believes such examination is  
10 24 necessary or advisable, but in no event less frequently than  
10 25 once during each twenty-four-month period.

10 26 b. Make or cause to be made such limited examinations at  
10 27 such times and with such frequency as the superintendent deems  
10 28 necessary and advisable to determine the condition of any  
10 29 state credit union and whether any person has violated the  
10 30 provisions of this chapter.

10 31 c. Make or cause to be made an examination of any  
10 32 corporation or credit union service organization in which a  
10 33 state credit union owns shares or has made an investment.

10 34 d. Make or cause to be made an examination of any person  
10 35 having business transactions or a relationship with any state  
11 1 credit union, upon application to and order of the district  
11 2 court of Polk county, when such examination is deemed  
11 3 necessary and advisable in order to determine whether the  
11 4 capital of the state credit union is impaired or whether the  
11 5 safety of its deposits is imperiled.

11 6 e. Accept, in lieu of the examination of a state credit  
11 7 union, or any corporation or credit union service organization  
11 8 in which a state credit union owns shares or has made an  
11 9 investment, or of any person having business transactions or a  
11 10 relationship with any state credit union, an examination  
11 11 report prepared by a federal regulatory authority.

11 12 f. Accept, in lieu of the examination of a state credit  
11 13 union, an audit report conducted by a certified public  
11 14 accounting firm selected from a list of firms previously  
11 15 approved by the superintendent. The cost of the audit shall  
11 16 be paid by the state credit union.

11 17 g. Accept, in lieu of the examination of an out-of-state  
11 18 credit union which also conducts business in this state, an  
11 19 examination report prepared by a state or federal regulatory  
11 20 authority.

11 21 h. Retain, at the examinee's expense, accountants,  
11 22 investigators, and other experts as reasonably necessary to  
11 23 assist in the conduct of the examination. Any person so  
11 24 retained shall serve in a purely advisory capacity at the  
11 25 direction of the superintendent.

11 26 2. A state credit union and all of its officers and agents  
11 27 shall give to the representatives of the superintendent free  
11 28 and unimpeded access to all books, papers, securities,

11 29 records, and other sources of information under their control.  
11 30 3. a. A report of examination shall be forwarded to the  
11 31 chairperson of a state credit union within thirty days after  
11 32 the completion of the examination. Within thirty days of the  
11 33 receipt of this report, a meeting of the directors shall be  
11 34 called by the state credit union to consider matters contained  
11 35 in the report and the action taken shall be set forth in the  
12 1 minutes of the board.

12 2 b. The report of examination of any affiliate or of any  
12 3 person examined as provided in this subsection shall not be  
12 4 transmitted by the superintendent to any such affiliate or  
12 5 person or to the board of directors of any state credit union  
12 6 unless authorized or requested by such affiliate or person.

12 7 4. a. Whenever the superintendent deems it necessary and  
12 8 advisable, the superintendent may notify the board of  
12 9 directors of a state credit union that a meeting will be held  
12 10 at a place and time and manner as the superintendent directs.  
12 11 The superintendent's notice may disclose the purpose of the  
12 12 meeting.

12 13 b. The superintendent may present to the board at the  
12 14 meeting any item the superintendent desires to bring to the  
12 15 attention of the board, including but not limited to any  
12 16 report of an examination required or allowed by this chapter,  
12 17 any conclusions or projections drawn by the superintendent,  
12 18 any recommendations made relative to a report of an  
12 19 examination, and any other matters concerning the operation  
12 20 and condition of the state credit union.

12 21 c. The state credit union shall cause the matters  
12 22 presented at the meeting to be recorded in the minutes of the  
12 23 meeting.

12 24 d. Each member of the board of directors shall furnish the  
12 25 superintendent a statement on forms supplied by the  
12 26 superintendent that the member is familiar with the matters  
12 27 presented by the superintendent.

12 28 5. The superintendent may require any of the following  
12 29 state credit unions to submit to an additional examination or  
12 30 to an independent audit performed by a certified public  
12 31 accounting firm as provided in subsection 1, paragraph "f", at  
12 32 the expense of the state credit union:

12 33 a. A state credit union where the records are inadequate.

12 34 b. A state credit union in which the books have not been  
12 35 balanced as of the end of the month not less than thirty days  
13 1 previously.

13 2 c. A state credit union whose affairs are in an  
13 3 unfavorable condition.

13 4 6. The superintendent may furnish a copy of the  
13 5 examination report and materials relating to any or all  
13 6 examinations made of any state credit union and any affiliate  
13 7 of a state credit union to any or all of the following,  
13 8 including any official or supervising examiner of any office  
13 9 or regulatory authority:

13 10 a. The national credit union administration.

13 11 b. The federal deposit insurance corporation.

13 12 c. The federal reserve system.

13 13 d. The office of the comptroller of the currency.

13 14 e. The office of thrift supervision.

13 15 f. The federal home loan bank.

13 16 g. Financial institution regulatory authorities of other  
13 17 states.

13 18 h. The financial crimes enforcement network of the United  
13 19 States department of the treasury.

13 20 7. If the superintendent concludes that a state credit  
13 21 union's affairs are in an unfavorable condition, the  
13 22 superintendent may direct the state credit union to consider  
13 23 consolidation, dissolution, or any other form of  
13 24 reorganization.

13 25 Sec. 14. NEW SECTION. 533.114 ANNUAL REPORT OF  
13 26 SUPERINTENDENT.

13 27 1. The superintendent shall report annually to the  
13 28 governor in the manner and within the time required by chapter  
13 29 7A. A copy of the report shall be furnished by the  
13 30 superintendent to each state credit union and to the Iowa  
13 31 credit union league and its affiliates.

13 32 2. In addition to the matters required by chapter 7A, the  
13 33 annual report of the superintendent shall contain all of the  
13 34 following:

13 35 a. A summary of applications approved or denied by the  
14 1 superintendent pursuant to this chapter since the last  
14 2 previous report.

14 3 b. A summary of the assets, liabilities, and capital  
14 4 structures of all state credit unions, and a summary of the

14 5 volume of consumer installment credit outstanding per state  
14 6 credit union, as of December 31 of the year for which the  
14 7 report is made.

14 8 c. A statement of the receipts and disbursements of funds  
14 9 of the superintendent during the calendar year ending on the  
14 10 preceding December 31 and of the funds on hand on that  
14 11 December 31, including an estimate of the disbursements of  
14 12 credit union division funds for consumer credit protection  
14 13 during the year for which the report is made.

14 14 d. Information that the administrator of the Iowa consumer  
14 15 credit code may require to be included.

14 16 e. A list of state credit unions that have been designated  
14 17 as serving predominantly low-income members pursuant to  
14 18 section 533.301, subsection 1.

14 19 f. Other information the superintendent deems appropriate  
14 20 and advisable to disclose in the discharge of the duties  
14 21 imposed upon the superintendent by this chapter.

14 22 Sec. 15. NEW SECTION. 533.115 RECIPROCITY.

14 23 1. Subject to rules of the superintendent, a credit union  
14 24 organized in another state may do business in Iowa if state  
14 25 credit unions organized in Iowa may do business in the state  
14 26 in which the out-of-state credit union is organized.

14 27 2. Notwithstanding subsection 1, an out-of-state credit  
14 28 union shall meet the same deposit insurance requirements  
14 29 established by this chapter for a state credit union prior to  
14 30 doing business in Iowa.

14 31 Sec. 16. NEW SECTION. 533.116 ENFORCEMENT OF IOWA  
14 32 CONSUMER CREDIT CODE.

14 33 1. The superintendent shall enforce the Iowa consumer  
14 34 credit code with respect to state credit unions, as provided  
14 35 in sections 537.2303, 537.2305, and 537.6105.

15 1 2. The superintendent shall cooperate with the  
15 2 administrator of the Iowa consumer credit code as designated  
15 3 in section 537.6103, and shall assist that administrator  
15 4 whenever necessary to provide for the discharge of the duties  
15 5 of that administrator.

15 6 3. Notwithstanding other provisions of this chapter to the  
15 7 contrary, the superintendent shall furnish to the  
15 8 administrator of the Iowa consumer credit code, access to or  
15 9 copies of records in the custody of the credit union division  
15 10 that relate to a state credit union when necessary to enable  
15 11 the administrator of the Iowa consumer credit code to enforce  
15 12 chapter 537.

15 13 Sec. 17. NEW SECTION. 533.117 SMALL LOANS LEGISLATION.

15 14 This chapter does not apply to any person engaged in the  
15 15 business of loaning money under chapter 536.

15 16 Sec. 18. NEW SECTION. 533.201 ORGANIZATION.

15 17 1. In order to simplify the organization of state credit  
15 18 unions, the superintendent shall cause to be prepared an  
15 19 approved form of articles of incorporation and a form of  
15 20 bylaws, consistent with this chapter, which shall be used by  
15 21 state credit union incorporators.

15 22 2. a. A group comprised of at least seven residents of  
15 23 the state of Iowa may apply to the superintendent for  
15 24 permission to organize a state credit union.

15 25 b. A state credit union shall be organized by delivering  
15 26 to the superintendent articles of incorporation that state all  
15 27 of the following:

15 28 (1) The name and location of the proposed state credit  
15 29 union.

15 30 (2) The names and addresses of the subscribers to the  
15 31 articles and the number of shares subscribed to by each.

15 32 (3) The share structure of the state credit union. A  
15 33 state credit union may have more than one class of shares.  
15 34 The par value of the shares of the state credit union shall be  
15 35 established by the board of directors.

16 1 3. The applicants shall prepare and adopt bylaws for the  
16 2 general governance of the state credit union consistent with  
16 3 the provisions of this chapter.

16 4 4. The articles and the bylaws, both executed in  
16 5 duplicate, shall be forwarded with a fee of ten dollars to the  
16 6 superintendent.

16 7 5. a. The superintendent shall determine whether the  
16 8 articles and bylaws conform to the provisions of this chapter  
16 9 within thirty days of receipt.

16 10 b. The superintendent shall notify the applicants of the  
16 11 determination after review of the articles and bylaws.

16 12 c. If the decision is favorable, the superintendent shall  
16 13 issue a certificate of approval, which shall be attached to  
16 14 the duplicate articles of incorporation and returned, together  
16 15 with the duplicate bylaws, to the applicants.

16 16 d. Articles and bylaws approved by the superintendent  
16 17 shall be binding upon the applicants and the board of  
16 18 directors of a state credit union. If the board of directors  
16 19 does not follow the articles of incorporation and bylaws, the  
16 20 members of the state credit union may pursue a derivative  
16 21 action in Iowa district court.

16 22 6. a. The applicants shall file the duplicate of the  
16 23 articles of incorporation and the attached certificate of  
16 24 approval with the county recorder of the county within which  
16 25 the state credit union is to have its principal place of  
16 26 business.

16 27 b. The county recorder shall record and index the  
16 28 duplicate of the articles of incorporation and the attached  
16 29 certificate of approval and return the articles of  
16 30 incorporation and the certificate of approval, with the  
16 31 recorder's certificate of record attached, to the  
16 32 superintendent for permanent record.

16 33 7. Articles of incorporation may be amended by a favorable  
16 34 vote of a majority of the members present at a meeting, if  
16 35 that number constitutes a quorum and if the proposed amendment  
17 1 was contained in the notice of the meeting.

17 2 8. Bylaws may be amended by any of the following methods:  
17 3 a. The favorable vote of a majority of the members present  
17 4 at a meeting, if that number constitutes a quorum and if the  
17 5 proposed amendment was contained in the notice of the meeting.

17 6 b. The favorable vote of a majority of the members of the  
17 7 board.

17 8 c. By a majority vote of members voting by mailed or  
17 9 electronic ballot, ensuring the confidentiality of voters,  
17 10 according to procedures specified by rule of the  
17 11 superintendent, requiring at least twenty days' notice to all  
17 12 members. An announcement shall be made to members of the  
17 13 results of the vote. Ballots shall be preserved for a  
17 14 reasonable period of time following the vote.

17 15 d. A combination of procedures as specified in paragraphs  
17 16 "a" and "c", whereby members are allowed to vote either in  
17 17 person at a meeting or by mailed or electronic ballot,  
17 18 according to procedures specified by rule of the  
17 19 superintendent. If the proposed amendment receives a  
17 20 favorable majority of the total votes cast in person and by  
17 21 mailed or electronic ballot, the bylaws shall be amended.

17 22 9. An amendment to the articles of incorporation or bylaws  
17 23 must be approved by the superintendent before the amendment  
17 24 becomes effective.

17 25 10. The original articles or amended articles may contain  
17 26 a provision eliminating or limiting the personal liability of  
17 27 a director, officer, or employee of the state credit union or  
17 28 its shareholders for monetary damages for breach of fiduciary  
17 29 duty as a director, officer, or employee, provided that the  
17 30 provision does not eliminate or limit the liability of a  
17 31 director, officer, or employee for any breach of the  
17 32 director's, officer's, or employee's duty of loyalty to the  
17 33 state credit union or its shareholders, for acts or omissions  
17 34 not in good faith or that involve intentional misconduct or a  
17 35 knowing violation of law, or for any transaction from which  
18 1 the director, officer, or employee derives an improper  
18 2 personal benefit. However, a provision shall not eliminate or  
18 3 limit the liability of a director, officer, employee, or  
18 4 shareholder for any act or omission occurring prior to the  
18 5 date when the provision in the articles of incorporation  
18 6 becomes effective.

18 7 Sec. 19. NEW SECTION. 533.202 COMMON BOND == MEMBERSHIP  
18 8 == OWNERSHIP SHARE.

18 9 1. a. State credit union organization shall be available  
18 10 to groups of individuals who have a common bond of association  
18 11 such as, but not limited to, occupation, common employer, or  
18 12 residence within specified geographic boundaries.

18 13 b. Changes in the common bond may be made by the board of  
18 14 directors.

18 15 2. a. The membership of a state credit union consists of  
18 16 those persons in the common bond who have subscribed to one  
18 17 ownership share and have complied with the other requirements  
18 18 specified by the articles of incorporation and bylaws.

18 19 b. Organizations, incorporated or otherwise, may be  
18 20 members.

18 21 c. Unless the state credit union's bylaws state otherwise,  
18 22 once a person or organization becomes a member of a state  
18 23 credit union in accordance with this chapter, the person or  
18 24 organization may remain a member of that state credit union,  
18 25 and retain all membership privileges, until the person or  
18 26 organization chooses to withdraw from the membership of the

18 27 state credit union, or is expelled pursuant to section  
18 28 533.210.

18 29 Sec. 20. NEW SECTION. 533.203 FISCAL YEAR == MEMBERSHIP  
18 30 MEETINGS.

18 31 1. The fiscal year of all state credit unions shall end  
18 32 December 31.

18 33 2. Annual meetings shall be held, and special meetings may  
18 34 be held, in the manner indicated in the bylaws.

18 35 a. At all meetings, a member shall have one vote  
19 1 regardless of the number of or class of shares held by the  
19 2 member.

19 3 b. There shall be no voting by proxy.

19 4 c. A member other than a natural person may cast a single  
19 5 vote through a delegated agent.

19 6 3. a. The majority of members present at any meeting may  
19 7 vote to modify, amend, or reverse any act of the board of  
19 8 directors or instruct the board to take action not  
19 9 inconsistent with the articles, bylaws, or this chapter.

19 10 b. In order to be binding upon the board of directors, any  
19 11 action taken by the membership to modify, amend, or reverse an  
19 12 act of the board, or to instruct the board to take action,  
19 13 requires an affirmative vote of a majority of all eligible  
19 14 members obtained by submitting the modification, amendment, or  
19 15 reversal to the members by mail or electronic ballot, pursuant  
19 16 to rules adopted by the superintendent.

19 17 Sec. 21. NEW SECTION. 533.204 ELECTION OF BOARD.

19 18 1. At the organizational meeting a board of directors of  
19 19 not less than nine members shall be elected to hold office for  
19 20 such terms as the bylaws provide and until successors are  
19 21 elected and qualified.

19 22 2. At each annual meeting one member shall be elected to  
19 23 fill each position vacated by reason of an expiring term or  
19 24 other cause.

19 25 3. Pursuant to rules adopted by the superintendent, state  
19 26 credit unions may allow members to vote on the election of  
19 27 directors via electronic means including but not limited to  
19 28 the internet or telephone.

19 29 4. A record of the names and addresses of the directors,  
19 30 officers, and committee persons shall be filed with the  
19 31 superintendent within ten days following each election.

19 32 5. A state credit union wishing to maintain a board of  
19 33 directors of less than nine members may apply to the  
19 34 superintendent for permission to reduce the required number of  
19 35 directors. An application to reduce the required number of  
20 1 directors under this subsection must demonstrate both of the  
20 2 following:

20 3 a. The application is necessitated by a hardship or other  
20 4 special circumstance.

20 5 b. A lesser number of directors is in the best interest of  
20 6 the state credit union and its members.

20 7 In no event may the superintendent allow fewer than seven  
20 8 directors on a state credit union board.

20 9 Sec. 22. NEW SECTION. 533.205 BOARD OF DIRECTORS ==  
20 10 DUTIES.

20 11 1. Within five days following the organizational meeting  
20 12 and each annual meeting, the directors shall elect the  
20 13 following officers from the membership of the board of  
20 14 directors:

20 15 a. A chairperson of the board.

20 16 b. A vice chairperson.

20 17 c. A secretary.

20 18 d. A chief financial officer whose title shall be  
20 19 designated by the board.

20 20 2. a. The board of directors shall appoint the following  
20 21 committees:

20 22 (1) A credit committee of not less than three members.

20 23 (2) An auditing committee of not less than three members.

20 24 b. The board may also appoint alternate members of the  
20 25 credit committee.

20 26 c. Only a member of the board or a member of the state  
20 27 credit union may be appointed to the credit committee or to  
20 28 the auditing committee.

20 29 d. The board may appoint an executive committee to act on  
20 30 its behalf.

20 31 3. The duties and responsibilities of a director and of  
20 32 the board of directors shall include, but are not limited to,  
20 33 all of the following:

20 34 a. General management of the affairs of the state credit  
20 35 union.

21 1 b. Setting the amount of the surety bond that shall be  
21 2 required of all officers and employees handling money.

21 3 c. Attendance at no less than seventy-five percent of the  
21 4 regular board meetings held during the calendar year.  
21 5 d. Periodic review of the original records of the state  
21 6 credit union, or comprehensive summaries prepared by the  
21 7 officers of the state credit union, pertaining to loans,  
21 8 security interests, and investments.  
21 9 e. Review of the adequacy of the state credit union's  
21 10 internal controls.  
21 11 f. Periodic review of utilization of security measures.  
21 12 g. Establishing education and training programs to ensure  
21 13 that the director possesses adequate knowledge to manage the  
21 14 affairs of the state credit union.

21 15 4. a. Directors of a state credit union shall discharge  
21 16 the duties of their position in good faith and with that  
21 17 diligence, care, and skill which ordinarily prudent persons  
21 18 would exercise under similar circumstances in like positions.

21 19 b. The directors have a continuing responsibility to  
21 20 assure themselves that the state credit union is being managed  
21 21 according to law and that the practices and policies adopted  
21 22 by the board are being implemented.

21 23 5. a. The board of directors shall name or employ an  
21 24 individual who performs active executive or official duties  
21 25 for the state credit union as its chief executive officer.

21 26 b. The board shall fix the tenure and provide for the  
21 27 reasonable compensation of the chief executive officer.

21 28 c. The chief executive officer may be a member of the  
21 29 board of directors.

21 30 6. a. The chief executive officer or the chief executive  
21 31 officer's designee shall determine the compensation and tenure  
21 32 of employees of the state credit union.

21 33 b. An employee of the state credit union shall not be a  
21 34 member of the board of directors.

21 35 c. For purposes of this section, an employee of the state  
22 1 credit union means an individual employed by the state credit  
22 2 union other than the chief executive officer.

22 3 7. A state credit union shall not pay an overdraft of a  
22 4 director, officer, or employee of the state credit union on an  
22 5 account at the state credit union, unless the payment of funds  
22 6 is made in accordance with either of the following:

22 7 a. A written, preauthorized, interest-bearing extension of  
22 8 credit plan that specifies a method of repayment.

22 9 b. A written, preauthorized transfer of collected funds  
22 10 from another account of the account holder at the state credit  
22 11 union.

22 12 8. A credit union director shall not receive compensation  
22 13 for service as a director. However, a director may be  
22 14 reimbursed for reasonable expenses directly related to such  
22 15 service.

22 16 Sec. 23. NEW SECTION. 533.206 MEETINGS OF THE BOARD.

22 17 Unless the bylaws provide otherwise, the board of directors  
22 18 may permit any and all directors to participate in all except  
22 19 one meeting per year of the board of directors through the use  
22 20 of any means of communication by which all directors  
22 21 participating in the meeting may simultaneously hear each  
22 22 other and communicate during the meeting. A director  
22 23 participating in a meeting by this means is deemed to be  
22 24 present at the meeting.

22 25 Sec. 24. NEW SECTION. 533.207 CREDIT COMMITTEE.

22 26 1. The credit committee shall have responsibility for the  
22 27 general supervision of all loans to members.

22 28 2. Applications for loans shall be on a form approved by  
22 29 the credit committee.

22 30 a. All applications shall set forth the purpose for which  
22 31 the loan is desired, the security, if any, offered and such  
22 32 other data as may be required.

22 33 b. Within the meaning of this section, an assignment of  
22 34 shares or deposits or the endorsement of a note may be deemed  
22 35 security.

23 1 3. At least a majority of the members of the credit  
23 2 committee shall review and act on all loan applications and  
23 3 may grant approval, or the credit committee, with the prior  
23 4 approval of the board of directors, may grant one or more loan  
23 5 officers the power to approve or reject loans subject to  
23 6 written conditions and regulations adopted by the credit  
23 7 committee.

23 8 4. The credit committee shall meet as often as may be  
23 9 necessary after due notice to each member.

23 10 Sec. 25. NEW SECTION. 533.208 AUDITING COMMITTEE.

23 11 The auditing committee shall perform the following  
23 12 functions:

23 13 1. Make or cause to be made an examination of the affairs

23 14 of the state credit union at least annually, including an  
23 15 audit of its financial records. If the auditing committee  
23 16 feels such action to be necessary, the auditing committee  
23 17 shall call the members together after the audit and submit to  
23 18 them its report.

23 19 2. Make or cause to be made an annual report and submit it  
23 20 at the annual meeting of the members.

23 21 3. Suspend by unanimous vote any officer, director, or  
23 22 member of the auditing committee and call the members together  
23 23 to act on the suspension, if the auditing committee deems the  
23 24 action to be necessary to the proper conduct of the state  
23 25 credit union. The members at the meeting may sustain the  
23 26 suspension and remove the officer, director, or member  
23 27 permanently or may reinstate the officer, director, or member.

23 28 4. Call a special meeting of state credit union members by  
23 29 majority vote to consider a matter to be submitted by the  
23 30 auditing committee.

23 31 Sec. 26. NEW SECTION. 533.209 CONFLICTS OF INTEREST.

23 32 1. A director, committee member, officer, or employee of a  
23 33 state credit union shall not directly or indirectly  
23 34 participate in either the deliberation upon or the  
23 35 determination of any matter in which the director, committee  
24 1 member, officer, or employee has a direct or indirect  
24 2 interest.

24 3 2. For the purposes of this section, an interest may  
24 4 include, but is not limited to, a pecuniary or familial  
24 5 interest.

24 6 Sec. 27. NEW SECTION. 533.210 EXPULSION OF CREDIT UNION  
24 7 MEMBER.

24 8 1. The board of directors may expel any member of a state  
24 9 credit union who has failed to do either of the following:

24 10 a. Carry out the member's obligations to the state credit  
24 11 union.

24 12 b. Comply with the state credit union's bylaws or  
24 13 policies.

24 14 2. A member of a state credit union may be expelled by a  
24 15 majority vote of the board of directors at a regular or  
24 16 special meeting of the board.

24 17 a. An expelled member may request a hearing before the  
24 18 membership of the state credit union, which shall be held  
24 19 within sixty days of an expelled member's request.

24 20 b. At the hearing, the membership may reinstate the  
24 21 expelled member by majority vote, upon terms and conditions  
24 22 prescribed at the hearing.

24 23 3. Any member may withdraw from the state credit union at  
24 24 any time, but advance notice of withdrawal may be required as  
24 25 provided in this section.

24 26 4. After deducting all amounts due from the member to the  
24 27 state credit union and the amount necessary to honor  
24 28 outstanding share drafts drawn against accounts of the member,  
24 29 all amounts paid on shares or as deposits of an expelled or  
24 30 withdrawing member, along with accrued dividends and interest  
24 31 to the date of expulsion or withdrawal, shall be paid to that  
24 32 member.

24 33 5. Upon expulsion or withdrawal of a member from a state  
24 34 credit union, or at any other time, the state credit union may  
24 35 require sixty days' notice of intention to withdraw shares and  
25 1 thirty days' notice of intention to withdraw deposits, except  
25 2 that a state credit union shall not at any time require notice  
25 3 of withdrawal with respect to funds that are subject to  
25 4 withdrawal by share drafts.

25 5 6. Withdrawing or expelled members shall have no further  
25 6 rights in the state credit union. However, withdrawing or  
25 7 expelled members shall not be released from any remaining  
25 8 liability to the state credit union because of the expulsion  
25 9 or withdrawal.

25 10 Sec. 28. NEW SECTION. 533.211 SUSPENSION OR RESTRICTION  
25 11 OF SERVICES.

25 12 1. A state credit union may suspend or deny certain  
25 13 services to members who have done any of the following:

25 14 a. Caused a loss to the state credit union.

25 15 b. Violated the membership agreement or any policy adopted  
25 16 by the board.

25 17 c. Been physically or verbally abusive to state credit  
25 18 union members or staff.

25 19 2. Members with suspended services may maintain a share  
25 20 account, and continue to vote at annual and special meetings.

25 21 Sec. 29. NEW SECTION. 533.212 USE OF NAME "CREDIT UNION"  
25 22 REQUIREMENTS == RESTRICTIONS == EXCEPTIONS.

25 23 1. a. A state credit union organized in accordance with  
25 24 this chapter shall include the words "credit union" in its

25 25 name.  
25 26 b. All state credit union offices shall be identified by  
25 27 use of the state credit union's full name.  
25 28 c. The full name of a state credit union shall be used in  
25 29 all legal documents of the state credit union.  
25 30 2. a. A person other than a credit union shall not use a  
25 31 name or title containing the words "credit union", or any  
25 32 derivation, and shall not represent in advertising or  
25 33 otherwise that the person is conducting business as a credit  
25 34 union, except as provided in subsection 3.  
25 35 b. A person who violates paragraph "a" may be enjoined  
26 1 from the use of words, advertising, or other representation  
26 2 prohibited by paragraph "a".  
26 3 3. The prohibitions contained in subsection 2 do not apply  
26 4 to any of the following entities:  
26 5 a. A credit union organized under this chapter or the laws  
26 6 of another state.  
26 7 b. A credit union organized under the Federal Credit Union  
26 8 Act, 12 U.S.C. } 1751 et seq.  
26 9 c. The Iowa credit union league, a chapter, affiliate, or  
26 10 subsidiary of the Iowa credit union league or a political  
26 11 action committee formed pursuant to the Federal Election  
26 12 Campaign Act, 2 U.S.C. } 431 et seq., or chapter 68A by the  
26 13 Iowa credit union league or by credit unions organized under  
26 14 this chapter or federal law.  
26 15 d. A joint service center operated by two or more credit  
26 16 unions where credit union services are made available to  
26 17 credit union members.  
26 18 e. An organization formed for educational purposes in  
26 19 association with an accredited elementary or secondary school  
26 20 that engages in receipt of deposits of no more than twenty  
26 21 dollars per depositor and uses the words "educational credit  
26 22 union" in its name. An educational credit union must be  
26 23 affiliated with a state credit union organized under this  
26 24 chapter. Notwithstanding this recognition given to an  
26 25 educational credit union, an educational credit union is not a  
26 26 state credit union within the scope or regulation of this  
26 27 chapter.  
26 28 Sec. 30. NEW SECTION. 533.213 CORPORATE CENTRAL CREDIT  
26 29 UNION.  
26 30 1. A corporate central credit union may be established.  
26 31 a. Credit unions organized under this chapter, the Federal  
26 32 Credit Union Act, or any other credit union act and credit  
26 33 union organizations may be members.  
26 34 b. Regulated financial institutions, nonprofit  
26 35 organizations, and cooperative organizations may also be  
27 1 members to the extent and manner provided for in the bylaws of  
27 2 the corporate central credit union.  
27 3 2. A corporate central credit union shall not be required  
27 4 to transfer to its legal reserve more than five percent of its  
27 5 net income for the year.  
27 6 3. A corporate central credit union shall have all the  
27 7 powers, restrictions, and obligations imposed upon, or granted  
27 8 to a state credit union under this chapter, except that the  
27 9 corporate central credit union may also exercise any of the  
27 10 following additional powers subject to the adoption of rules  
27 11 by the superintendent and with the prior written approval of  
27 12 the superintendent:  
27 13 a. Borrow any amount from any source.  
27 14 b. Invest in or purchase obligations or securities or  
27 15 other designated investments to the same extent authorized for  
27 16 other supervised financial institutions.  
27 17 c. Invest in or acquire shares, stocks, or other  
27 18 obligations of an organization providing services that are  
27 19 associated with the operations of credit unions. However, the  
27 20 aggregate amount invested pursuant to this paragraph shall not  
27 21 exceed fifty percent of the total of all reserves and  
27 22 undivided earnings of the corporate central credit union.  
27 23 d. Buy or sell investment securities and corporate bonds  
27 24 that are evidences of indebtedness. However, the purchase or  
27 25 sale is limited to marketable obligations of a corporation or  
27 26 state or federal agency issued without recourse.  
27 27 e. Establish one or more capital accounts in the same  
27 28 manner as if it were a federal credit union.  
27 29 f. Sell all or part of its assets to another corporate  
27 30 central credit union and assume the liabilities of a selling  
27 31 corporate central credit union if the action is pursuant to a  
27 32 plan agreed upon by a majority of the board of directors and,  
27 33 in the case of the sale of all of its assets, the affirmative  
27 34 vote of a majority of its members either by mail or in person  
27 35 at a meeting called for that purpose.

28 1 g. Invest in the shares or deposits of another similarly  
28 2 organized corporate central credit union, or central liquidity  
28 3 facility.

28 4 h. Make other investments approved by the superintendent.  
28 5 Sec. 31. NEW SECTION. 533.301 POWERS.

28 6 A state credit union shall have the power to do all of the  
28 7 following:

28 8 1. Receive payments for ownership shares, other shares, or  
28 9 as deposits from any or all of the following:

28 10 a. Members of the state credit union.  
28 11 b. Nonmembers as prescribed by rule where the state credit  
28 12 union is serving predominantly low-income members. Rules  
28 13 adopted allowing nonmember deposits in state credit unions  
28 14 serving predominantly low-income members shall be designed  
28 15 solely to meet the needs of the low-income members.

28 16 c. Other state credit unions.  
28 17 d. Federal, state, county, and city governments.

28 18 2. Make loans or leases to members.  
28 19 3. Make loans to a cooperative society or other  
28 20 organization having membership in the state credit union.  
28 21 4. Make deposits in state and national banks, state and  
28 22 federal savings banks or savings and loan associations, and  
28 23 state and federal credit unions, the accounts of which are  
28 24 insured by the federal deposit insurance corporation or the  
28 25 national credit union share insurance fund.

28 26 5. Make investments in any or all of the following:

28 27 a. Time deposits in state and national banks, state and  
28 28 federal savings banks or savings and loan associations, and  
28 29 state and federal credit unions, the deposits of which are  
28 30 insured by the federal deposit insurance corporation or the  
28 31 national credit union share insurance fund.

28 32 b. Obligations, participations, or other instruments of or  
28 33 issued by, or fully guaranteed as to principal and interest by  
28 34 the United States government or any agency of the United  
28 35 States government, or any trust or trusts established for  
29 1 investing directly or collectively in the United States  
29 2 government or any agency of the United States government.

29 3 c. General obligations of this state and any subdivision  
29 4 of this state.

29 5 d. Purchase of notes of liquidating credit unions with the  
29 6 approval of the superintendent.

29 7 e. Shares and deposits in other credit unions.  
29 8 f. Shares, stocks, loans, and other obligations or a  
29 9 combination of shares, stocks, loans, and other obligations of  
29 10 a credit union service organization, corporation, or  
29 11 association, provided the membership or ownership, as the case  
29 12 may be, of the credit union service organization, corporation,  
29 13 or association is primarily confined or restricted to credit  
29 14 unions or organizations of credit unions, and provided that  
29 15 the purpose of the credit union service organization,  
29 16 corporation, or association is primarily designed to provide  
29 17 services to credit unions, organizations of credit unions, or  
29 18 credit union members. However, the aggregate amount invested  
29 19 pursuant to this paragraph shall not exceed five percent of  
29 20 the assets of the credit union.

29 21 g. Obligations issued by federal land banks, federal  
29 22 intermediate credit banks, banks for cooperatives, or any of  
29 23 the federal farm credit banks.

29 24 h. Commercial paper issued by United States corporations  
29 25 as defined by rule.

29 26 i. Corporate bonds as defined by and subject to terms and  
29 27 conditions imposed by the superintendent, provided that the  
29 28 superintendent shall not approve investment in corporate bonds  
29 29 unless the bonds are rated in the two highest grades of  
29 30 corporate bonds by a nationally accepted rating agency.

29 31 j. Any permissible investment for federal credit unions,  
29 32 provided that this paragraph shall not permit a credit union  
29 33 to invest in a credit union service organization except as  
29 34 provided in paragraph "f".

29 35 6. Borrow money as provided in this chapter.  
30 1 7. Assess penalties as may be provided by the bylaws.  
30 2 8. Sue and be sued.  
30 3 9. Make contracts.  
30 4 10. Purchase, hold, and dispose of property necessary and  
30 5 incidental to its operation, except that any property acquired  
30 6 through foreclosure shall be disposed of within a period not  
30 7 to exceed ten years.  
30 8 11. Exercise such incidental powers as may be necessary or  
30 9 requisite to enable the state credit union to carry on the  
30 10 business effectively for which it is incorporated.  
30 11 12. Apply for share account and deposit account insurance

30 12 that meets the requirements of this chapter, and take all  
30 13 actions necessary to maintain an insured status.

30 14 13. Serve a group of persons having an insufficient number  
30 15 of members to form or conduct the affairs of a separate credit  
30 16 union, upon the approval of the superintendent. The existence  
30 17 of a common bond relationship between the group and the credit  
30 18 union affecting that service shall not be required.

30 19 14. Deposit with a credit union that has been in existence  
30 20 for not more than a year, an amount not to exceed twenty-five  
30 21 percent of the assets of the new credit union, but only one  
30 22 credit union may, at any time, make such a deposit.

30 23 15. Acquire the conditional sales contracts, promissory  
30 24 notes, or other similar instruments executed by its members,  
30 25 but the rate of interest existing on the instruments shall not  
30 26 exceed the highest rate charged by the acquiring credit union  
30 27 on its outstanding loans.

30 28 16. a. Sell, participate in, or discount the obligations  
30 29 of its members with or without recourse.

30 30 b. Purchase the obligations of credit union members,  
30 31 provided the obligations meet the requirements of this  
30 32 chapter.

30 33 17. Acquire and hold shares in a corporation engaged in  
30 34 providing and operating facilities through which a credit  
30 35 union and its members may engage, by means of either the  
31 1 direct transmission of electronic impulses to and from the  
31 2 credit union or the recording of electronic impulses or other  
31 3 indicia of a transaction for delayed transmission to the  
31 4 credit union, in transactions in which such credit union is  
31 5 otherwise permitted to engage pursuant to applicable law,  
31 6 subject to the prior approval of the superintendent.

31 7 18. Engage in any transaction otherwise permitted by this  
31 8 chapter and applicable law, by means of either the direct  
31 9 transmission of electronic impulses to or from the state  
31 10 credit union or the recording of electronic impulses or other  
31 11 indicia of a transaction for delayed transmission to the state  
31 12 credit union.

31 13 a. Subject to the provisions of chapter 527, a state  
31 14 credit union may utilize, establish, or operate, alone or with  
31 15 one or more other credit unions, banks incorporated under  
31 16 chapter 524 or federal law, savings and loan associations  
31 17 incorporated under chapter 534 or federal law, corporations  
31 18 licensed under chapter 536A, or third parties, the satellite  
31 19 terminals permitted under chapter 527, by means of which the  
31 20 state credit union may transmit to or receive from any member  
31 21 electronic impulses constituting transactions pursuant to this  
31 22 subsection. However, such utilization, establishment, or  
31 23 operation shall be lawful only when in compliance with chapter  
31 24 527.

31 25 b. This subsection shall not be construed as authority for  
31 26 any person to engage in transactions not otherwise permitted  
31 27 by applicable law, and shall not be deemed to repeal, replace,  
31 28 or in any other way affect any applicable law or rule  
31 29 regarding the maintenance of or access to financial  
31 30 information maintained by any credit union.

31 31 19. Establish one or more state credit union offices other  
31 32 than its main office.

31 33 a. A state credit union may furnish at any of its offices  
31 34 all credit union services ordinarily furnished to the  
31 35 membership at its principal place of business.

32 1 b. The central executive and official business and  
32 2 recordkeeping functions of a state credit union shall be  
32 3 exercised at its principal place of business or at another  
32 4 state credit union office or a location authorized by the  
32 5 superintendent for these functions.

32 6 c. A state credit union shall file an informational  
32 7 statement in the form prescribed by the superintendent prior  
32 8 to opening a state credit union office.

32 9 d. A state credit union office shall not be opened without  
32 10 a certificate to establish a state credit union office issued  
32 11 by the superintendent.

32 12 e. The establishment of a state credit union office must  
32 13 be reasonably necessary for service to, and in the best  
32 14 interests of, the members of the state credit union, and shall  
32 15 not endanger the safety and soundness of the state credit  
32 16 union opening the office.

32 17 f. A state credit union may join with one or more credit  
32 18 unions in the operation of an office facility to meet the  
32 19 service needs of its members.

32 20 20. Contract with another credit union to furnish services  
32 21 which either could otherwise legally perform. Contracted  
32 22 services provided under this subsection are subject to

32 23 regulation and examination like other services.  
32 24 21. Purchase insurance or make the purchase of insurance  
32 25 available for members.  
32 26 22. Charge fees and penalties and apply them to income.  
32 27 23. a. (1) Act as agent of the federal government when  
32 28 requested by the secretary of the United States department of  
32 29 treasury.  
32 30 (2) Perform such services as may be required in connection  
32 31 with the collection of taxes and other obligations due the  
32 32 United States and the lending, borrowing, and repayment of  
32 33 moneys by the United States.  
32 34 (3) Act as a depository of public money when designated  
32 35 for that purpose.  
33 1 b. (1) Act as agent of this state when requested by the  
33 2 treasurer of state.  
33 3 (2) Perform such services as may be required in connection  
33 4 with the collection of taxes and other obligations due this  
33 5 state and the lending, borrowing, and repayment of moneys by  
33 6 this state.  
33 7 (3) Act as a depository of public moneys when designated  
33 8 for that purpose.  
33 9 24. Receive public funds pursuant to chapter 12C and  
33 10 pledge its assets to secure the deposit of public funds.  
33 11 25. Engage in any activity authorized by the  
33 12 superintendent which would be permitted if the state credit  
33 13 union were organized under the Federal Credit Union Act, 12  
33 14 U.S.C. } 1751 et seq.  
33 15 26. To promote the public welfare, make donations for  
33 16 religious, charitable, scientific, educational, or community  
33 17 betterment purposes.  
33 18 27. Set off a member's accounts against any of the  
33 19 member's debts or liabilities owed the state credit union  
33 20 pursuant to an agreement entered into between the member and  
33 21 the state credit union. The state credit union shall also  
33 22 have a lien on the shares and deposits of a member for any sum  
33 23 due to the state credit union from the member or for any loan  
33 24 endorsed by the member.  
33 25 28. All other powers determined by the superintendent to  
33 26 be appropriate for a state credit union.  
33 27 Sec. 32. NEW SECTION. 533.302 CAPITAL.  
33 28 1. The capital of a state credit union shall consist of  
33 29 the sum of its ownership shares plus accumulated net earnings.  
33 30 2. A state credit union may accept deposits to individual  
33 31 capital accounts that shall be considered the secondary or  
33 32 alternative capital of the state credit union and shall be  
33 33 available to cover losses of the state credit union that  
33 34 exceed reserves and undivided earnings. A deposit holder of a  
33 35 secondary or alternative capital account may be considered a  
34 1 member of the credit union but, as such, shall not be  
34 2 authorized to acquire an ownership share in the state credit  
34 3 union and shall not have the rights of membership, including  
34 4 the ability to vote, obtain a loan, or hold office in the  
34 5 state credit union.  
34 6 a. A secondary or alternative capital account may be  
34 7 withdrawn or transferred by the depositor upon prior written  
34 8 notice to, and termination of membership in, the state credit  
34 9 union and in accordance with rules adopted by the  
34 10 superintendent. If the superintendent determines that the  
34 11 withdrawal or transfer would adversely affect the safety and  
34 12 soundness of the state credit union, the depositor shall not  
34 13 withdraw or transfer the secondary or alternative capital  
34 14 account.  
34 15 b. The aggregate amount that may be held in a secondary or  
34 16 alternative capital account by any one depositor or group of  
34 17 depositors may be determined by the board of directors of a  
34 18 state credit union, subject to the approval of the  
34 19 superintendent.  
34 20 c. At the option of the state credit union, the secondary  
34 21 or alternative capital account may earn a dividend, and may or  
34 22 may not be insured.  
34 23 Sec. 33. NEW SECTION. 533.303 RESERVES.  
34 24 1. At the end of each dividend period, but no less than  
34 25 quarterly, the gross income of the state credit union shall be  
34 26 determined.  
34 27 2. A legal reserve against losses on loans and against  
34 28 such other losses as may be specified by rule shall be set  
34 29 aside from the gross income in accordance with the following  
34 30 schedule:  
34 31 a. A state credit union in operation for more than four  
34 32 years and having assets of five hundred thousand dollars or  
34 33 more shall set aside the following amounts in the following

34 34 order:

34 35 (1) Ten percent of the gross income until the legal  
35 1 reserve equals four percent of the total outstanding loans and  
35 2 risk assets.

35 3 (2) Five percent of the gross income until the legal  
35 4 reserve equals six percent of the total outstanding loans and  
35 5 risk assets.

35 6 b. A state credit union in operation for less than four  
35 7 years or having assets of less than five hundred thousand  
35 8 dollars shall set aside the following amounts in the order set  
35 9 forth:

35 10 (1) Ten percent of the gross income until the legal  
35 11 reserve equals seven and one-half percent of the total  
35 12 outstanding loans and risk assets.

35 13 (2) Five percent of the gross income until the legal  
35 14 reserve equals ten percent of the total outstanding loans and  
35 15 risk assets.

35 16 3. a. If the legal reserve falls below the percent of the  
35 17 total outstanding loans and risk assets required for a state  
35 18 credit union by this section, the state credit union shall  
35 19 replenish the legal reserve by regular contributions in the  
35 20 amounts needed to reach the required reserve. However, the  
35 21 superintendent may waive the reserve requirement when in the  
35 22 superintendent's opinion the waiver is necessary or desirable.

35 23 b. The legal reserve shall belong to the state credit  
35 24 union and shall be used to meet losses.

35 25 c. The reserve shall not be distributed to members as  
35 26 interest or dividends except on liquidation of the state  
35 27 credit union or in accordance with a plan approved by the  
35 28 superintendent.

35 29 4. The superintendent may require a state credit union to  
35 30 set aside additional amounts as a special reserve if an  
35 31 examination of assets discloses that the legal reserve of the  
35 32 state credit union is inadequate.

35 33 5. A state credit union shall maintain an adequate  
35 34 allowance for loan and lease losses account and such other  
35 35 valuation allowance accounts as may be necessary to provide  
36 1 for the full and fair disclosure, in the state credit union's  
36 2 financial statements, of the assets, liabilities, and equity  
36 3 of the state credit union.

36 4 6. For the purpose of establishing legal reserves, the  
36 5 following shall not be considered risk assets:

36 6 a. Cash on hand.

36 7 b. Deposits and shares in federally insured banks, savings  
36 8 banks, and credit unions.

36 9 c. Assets which are insured by, fully guaranteed as to  
36 10 principal and interest by, or due from the United States  
36 11 government, its agencies, and instrumentalities.

36 12 d. Loans to other credit unions.

36 13 e. Student loans insured under the provisions of 20 U.S.C.  
36 14 } 1071-1087 or similar state programs.

36 15 f. Loans insured by the federal housing administration  
36 16 under 12 U.S.C. } 1703.

36 17 g. Loans fully insured or guaranteed by the federal  
36 18 government, a state government, or any agency of either.

36 19 h. Common trust investments which deal in investments  
36 20 authorized in section 533.301.

36 21 i. Prepaid expenses.

36 22 j. Accrued interest on nonrisk investments.

36 23 k. Furniture and equipment.

36 24 l. Land and buildings.

36 25 m. Loans fully secured by a pledge of shares within the  
36 26 state credit union.

36 27 n. Deposits in the national credit union share insurance  
36 28 fund.

36 29 o. Real estate loans in transit to the secondary market as  
36 30 specified by rule.

36 31 7. Notwithstanding any other provision of this section, a  
36 32 state credit union shall maintain a sufficient amount of net  
36 33 worth as required by the state credit union's deposit insurer  
36 34 and rules of the superintendent.

36 35 Sec. 34. NEW SECTION. 533.304 INVESTMENT IN CERTAIN  
37 1 SHARES OR EQUITY INTERESTS.

37 2 1. For purposes of this section, unless the context  
37 3 otherwise requires:

37 4 a. "Equity interests" means limited partnership interests  
37 5 and other equity investments in which liability is limited to  
37 6 the amount of the investment, but does not mean general  
37 7 partnership interests or other interests involving general  
37 8 liability.

37 9 b. "Small business" means a corporation, partnership,

37 10 proprietorship, or other entity formed under the laws of the  
37 11 United States, or a state, district, or territory of the  
37 12 United States, that meets the appropriate United States small  
37 13 business administration definition of small business and that  
37 14 is principally engaged in the development or exploitation of  
37 15 inventions, technological improvements, new processes, or  
37 16 other products not previously generally available in this  
37 17 state, or other investments which provide an economic benefit  
37 18 to this state.

37 19 c. "Venture capital fund" means a corporation,  
37 20 partnership, proprietorship, or other entity formed under the  
37 21 laws of the United States, or a state, district, or territory  
37 22 of the United States, whose principal business is or will be  
37 23 the making of investments in and the provision of significant  
37 24 managerial assistance to small businesses that meet the United  
37 25 States small business administration definition of small  
37 26 business.

37 27 2. A state credit union may invest in either of the  
37 28 following to the extent that the total investments under this  
37 29 section shall not be more than five percent of the state  
37 30 credit union's assets:

37 31 a. Shares or equity interests in venture capital funds  
37 32 that agree to invest an amount equal to at least fifty percent  
37 33 of the state credit union's investment in small businesses  
37 34 having their principal offices within this state and having  
37 35 either more than one-half of their assets within this state or  
38 1 more than one-half of their employees employed within this  
38 2 state.

38 3 b. Shares or equity interests in small businesses having  
38 4 their principal offices within this state and having either  
38 5 more than one-half of their assets within this state or more  
38 6 than one-half of their employees employed within this state.  
38 7 A state credit union shall not invest in more than twenty  
38 8 percent of the total capital and surplus of any one small  
38 9 business under this paragraph.

38 10 Sec. 35. NEW SECTION. 533.305 INVESTMENT IN BANKS OR  
38 11 SAVINGS BANKS == REQUIRED FINDINGS.

38 12 1. INVESTMENTS IN BANKS. A state credit union may, with  
38 13 the prior approval of the superintendent, invest in the  
38 14 capital stock, obligations, or other securities of a bank.

38 15 2. INVESTMENT IN SAVINGS BANKS. A state credit union may,  
38 16 with the prior approval of the superintendent, invest in the  
38 17 capital stock, obligations, or other securities of a savings  
38 18 bank.

38 19 3. FINDINGS REQUIRED. The superintendent shall not grant  
38 20 an approval under subsection 1 or 2, unless the superintendent  
38 21 makes one of the following findings:

38 22 a. Based upon a preponderance of the evidence presented,  
38 23 the proposed investment will not have the immediate effect of  
38 24 significantly reducing competition between depository  
38 25 financial institutions located in the same community as the  
38 26 institution whose shares would be acquired.

38 27 b. Based upon a preponderance of the evidence presented,  
38 28 the proposed investment would have an anticompetitive effect  
38 29 as described in paragraph "a", but other factors, specifically  
38 30 cited, outweigh the anticompetitive effect so that there would  
38 31 be a net public benefit as a result of the investment.

38 32 4. COMPETITION PRESERVED. a. The subsequent liquidation  
38 33 of a bank or savings bank whose shares are acquired under this  
38 34 section shall not prevent the subsequent incorporation of  
38 35 another bank or savings bank in the same community.

39 1 b. The superintendent of banking shall not find the  
39 2 liquidation of a bank whose shares are acquired under this  
39 3 section to be grounds for disapproving the incorporation of  
39 4 another bank in the same community under section 524.305.

39 5 c. The superintendent of savings and loan associations  
39 6 shall not find the liquidation of a savings and loan  
39 7 association whose shares are acquired under this section to be  
39 8 grounds for disapproving the incorporation of another savings  
39 9 and loan association in the same community under chapter 534.

39 10 Sec. 36. NEW SECTION. 533.306 POWER TO BORROW.  
39 11 A state credit union may borrow from any source in total a  
39 12 sum that shall not exceed fifty percent of the sum of its  
39 13 share and deposit account balances.

39 14 Sec. 37. NEW SECTION. 533.307 ACCOUNT INSURANCE.

39 15 1. Except as provided in section 533.302, a state credit  
39 16 union organized under this chapter, as a condition of  
39 17 maintaining its privilege of organization, shall acquire and  
39 18 maintain insurance to protect each holder of an ownership  
39 19 share and each depositor against loss of funds held on account  
39 20 by the state credit union.

39 21 2. The insurance required by this section shall be  
39 22 obtained from an agency of the federal government or a deposit  
39 23 insurance plan approved by the Iowa commissioner of insurance  
39 24 and the superintendent.

39 25 Sec. 38. NEW SECTION. 533.308 FIDELITY BOND AND GENERAL  
39 26 INSURANCE COVERAGE.

39 27 1. A state credit union shall maintain a fidelity bond for  
39 28 state credit union employees and officials in a sufficient  
39 29 amount to indemnify the state credit union against losses that  
39 30 may be incurred by reason of any act or acts of fraud,  
39 31 dishonesty, forgery, theft, larceny, embezzlement, wrongful  
39 32 abstraction, misapplication, misappropriation, or other  
39 33 unlawful act committed by the employee or official directly or  
39 34 through connivance with others, and general insurance coverage  
39 35 for losses caused by persons not associated with the state  
40 1 credit union.

40 2 a. The fidelity bond and general insurance coverage shall  
40 3 be obtained from a company authorized to do business in this  
40 4 state.

40 5 b. The superintendent may require additional coverage for  
40 6 a state credit union if, in the opinion of the superintendent,  
40 7 current coverage is insufficient. The board of directors of  
40 8 the state credit union shall obtain the additional coverage  
40 9 within thirty days after written notice from the  
40 10 superintendent.

40 11 2. The superintendent may furnish to any official of an  
40 12 insurance plan by which the accounts of a state credit union  
40 13 are insured or by which its employees and officials are  
40 14 bonded, any information relating to examinations,  
40 15 investigations, and reports of the status of that state credit  
40 16 union or its employees and officials for the purpose of  
40 17 facilitating the availability or continuation of the insurance  
40 18 or bond of the state credit union or resolution of a claim.

40 19 Sec. 39. NEW SECTION. 533.309 SHARE ACCOUNTS.

40 20 A state credit union may have share accounts including, but  
40 21 not limited to, the following types:

40 22 1. OWNERSHIP SHARE ACCOUNT. The ownership share account  
40 23 shall consist of an account balance held by the state credit  
40 24 union in accordance with the state credit union's bylaws.  
40 25 Each member may acquire only one ownership share. In the case  
40 26 of a joint account, the joint account owners may acquire only  
40 27 one ownership share unless each joint account owner applies  
40 28 for and is accepted as an individual member. The state credit  
40 29 union shall not set off fees against a member's ownership  
40 30 share.

40 31 2. JOINT ACCOUNTS. A member may designate any person or  
40 32 persons to hold shares, deposits, and thrift club accounts  
40 33 with the member in joint tenancy with the right of  
40 34 survivorship, but such joint tenants shall not be permitted to  
40 35 cast more than one vote per ownership share jointly held in  
41 1 the state credit union. However, a joint tenant may have  
41 2 other rights of a jointly held ownership share, including the  
41 3 ability to obtain loans, or hold office or be required to pay  
41 4 an entrance fee. Payment of part or all of such joint  
41 5 accounts to any of the joint tenants shall, to the extent of  
41 6 such payment, discharge the liability to all.

41 7 3. ACCOUNT FOR MINORS. Shares may be issued and deposits  
41 8 accepted in the name of a minor. Such shares and deposits may  
41 9 be withdrawn by the minor and payments made on such  
41 10 withdrawals shall be valid. A minor under sixteen years of  
41 11 age shall not be entitled to vote in the meetings of the  
41 12 members either personally or through the minor's parent or  
41 13 guardian, and a minor shall not become a director until the  
41 14 minor reaches the minor's eighteenth birthday.

41 15 4. BENEFICIARY ACCOUNT. If a member makes a deposit for  
41 16 the benefit of a person other than the depositor, the name and  
41 17 residence address of the beneficiary shall be disclosed and  
41 18 the account shall be kept in the name of the depositor, for  
41 19 the benefit of the beneficiary. The account balance may be  
41 20 withdrawn by the depositor or, upon the death of the  
41 21 depositor, by the beneficiary or the beneficiary's legal  
41 22 representative.

41 23 Sec. 40. NEW SECTION. 533.310 DEPOSITS IN THE NAMES OF  
41 24 TWO OR MORE INDIVIDUALS.

41 25 When a deposit is made in a state credit union in the names  
41 26 of two or more individuals that is payable to any one or more  
41 27 of them or is payable to the survivor or survivors, the  
41 28 deposit, including interest, or any part, may be paid to any  
41 29 one or more of the individuals, whether or not the others are  
41 30 living. The receipt or a quitittance of the individuals who are  
41 31 paid is a valid and sufficient release and discharge of the

41 32 state credit union for any payment made pursuant to this  
41 33 section.

41 34 Sec. 41. NEW SECTION. 533.311 ACCEPTANCE OF DEPOSITS AND  
41 35 INVESTMENTS WHILE INSOLVENT.

42 1 When a state credit union is insolvent, the state credit  
42 2 union shall not do either of the following:

42 3 1. Accept any deposits or investments in ownership shares.  
42 4 2. Renew or extend the term of any time deposits or time  
42 5 investments.

42 6 Sec. 42. NEW SECTION. 533.312 DIVIDENDS AND INTEREST.

42 7 1. The board of directors may declare dividends at such  
42 8 rates and upon such classes of shares as are determined by the  
42 9 board, at such intervals and for such periods as the board may  
42 10 authorize, and after provision for required reserves pursuant  
42 11 to section 533.303.

42 12 2. Dividends shall be considered a normal operating  
42 13 expense of the state credit union and shall be paid on all  
42 14 paid-up shares outstanding at the close of the period for  
42 15 which the dividend is declared and shall be available only  
42 16 from undivided earnings.

42 17 3. The superintendent may restrict or prohibit the payment  
42 18 of a dividend or interest when an impairment of capital  
42 19 exists.

42 20 Sec. 43. NEW SECTION. 533.313 SHARE DRAFTS.

42 21 1. A state credit union may provide its members with share  
42 22 draft accounts.

42 23 a. "Share draft" means a negotiable draft which is payable  
42 24 upon demand and is used to withdraw funds from a share draft  
42 25 account.

42 26 b. A share draft is an item for purposes of chapter 554,  
42 27 article 4.

42 28 c. The term does not include a draft issued by a state  
42 29 credit union for the transfer of funds between the issuing  
42 30 credit union and another credit union, a bank, a savings and  
42 31 loan association, or another depository financial institution.

42 32 2. A share draft account is an account that is a demand  
42 33 account from which a state credit union has agreed that funds  
42 34 may be withdrawn by means of a share draft. A share draft  
42 35 account may bear interest or dividends as determined by the  
43 1 board of directors, provided that the state credit union shall  
43 2 not pay interest or dividends on a share draft account at a  
43 3 rate that exceeds the maximum interest rate which a regulated  
43 4 financial institution is able to pay on comparable instruments  
43 5 as allowed by the depository institutions deregulatory  
43 6 committee.

43 7 3. A state credit union may guarantee payment for a share  
43 8 draft if both the following conditions are met:

43 9 a. A specific guarantee authorization is obtained for the  
43 10 share draft from the state credit union.

43 11 b. The guarantee authorization is immediately noted on the  
43 12 share draft account to prevent the withdrawal of funds needed  
43 13 to pay the guaranteed share draft.

43 14 4. A state credit union may charge fees and penalties on  
43 15 share drafts and apply fees and penalties to the state credit  
43 16 union's income in relation to share draft services.

43 17 5. The superintendent may adopt rules relating to share  
43 18 draft programs as necessary to administer this chapter.

43 19 Sec. 44. NEW SECTION. 533.314 PAYMENT OF SHARE DRAFTS  
43 20 DURING DISSOLUTION.

43 21 Other provisions of section 533.404 notwithstanding, when a  
43 22 state credit union is dissolved, first priority of payment  
43 23 shall be given to unpaid share drafts. However, a share draft  
43 24 shall not be paid if any of the following conditions exist:

43 25 1. The share draft was issued on or after the date of  
43 26 dissolution, or on or after the date the state credit union is  
43 27 required by section 533.405, subsection 2, to cease doing  
43 28 business in the event of a voluntary dissolution.

43 29 2. The share draft is written against an account that does  
43 30 not contain sufficient funds with which to pay the share  
43 31 draft.

43 32 3. The share draft is payable to a member of the state  
43 33 credit union, or to a member of the family of the issuer of  
43 34 the share draft, or to a business in which the issuer of the  
43 35 share draft has an interest. However, the exception contained  
44 1 in this subsection does not apply to any person referred to in  
44 2 this subsection if the person is a holder in due course, as  
44 3 provided in chapter 554, article 3.

44 4 Sec. 45. NEW SECTION. 533.315 LOANS.

44 5 1. GENERAL LENDING POWER. A state credit union may loan  
44 6 to a member for a provident or productive purpose.

44 7 a. Loans are subject to the conditions contained in this

44 8 section and in the bylaws.

44 9 b. A loan may be repaid by the borrower, in whole or in  
44 10 part, any day the office of the state credit union is open for  
44 11 business.

44 12 c. A loan shall be made pursuant to an application with  
44 13 supportive credit information.

44 14 d. The superintendent may adopt rules requiring periodic  
44 15 updating of credit or financial information for all loans or  
44 16 for classes of loans designated in the rules.

44 17 2. AGGREGATE LENDING TO ONE MEMBER. A state credit union  
44 18 shall not lend in the aggregate to a member more than ten  
44 19 percent of its member savings.

44 20 3. LENDING TO A CREDIT UNION DIRECTOR. A director of a  
44 21 state credit union may borrow from that state credit union  
44 22 under the provisions of this chapter, but the rates, terms,  
44 23 and conditions of a loan or line of credit either made to or  
44 24 endorsed or guaranteed by the director shall not be more  
44 25 favorable than the rates, terms, or conditions of comparable  
44 26 existing loans or lines of credit provided to other members.  
44 27 The aggregate amount of all director loans and lines of credit  
44 28 shall not exceed twenty-five percent of the assets of the  
44 29 state credit union.

44 30 4. LOANS ON REAL PROPERTY. a. A state credit union may  
44 31 make permanent loans, construction loans, combined  
44 32 construction and permanent loans, or second mortgage loans  
44 33 secured by liens on real property, as authorized by rules  
44 34 adopted by the superintendent. The rules shall contain  
44 35 provisions as necessary to ensure the safety and soundness of  
45 1 these loans, and to ensure full and fair disclosure to  
45 2 borrowers of the effects of provisions in agreements for these  
45 3 loans, including provisions permitting change or adjustment of  
45 4 any terms of a loan, provisions permitting, requiring, or  
45 5 prohibiting repayment of a loan on a basis other than of equal  
45 6 periodic installments of interest plus principal over a fixed  
45 7 term, provisions imposing penalties for a borrower's  
45 8 noncompliance with requirements of a loan agreement, or  
45 9 provisions allowing or requiring a borrower to choose from  
45 10 alternative courses of action at any time during the  
45 11 effectiveness of a loan agreement.

45 12 b. (1) A state credit union may include in the loan  
45 13 documents signed by the borrower a provision requiring the  
45 14 borrower to pay the state credit union each month in addition  
45 15 to interest and principal under the note an amount equal to  
45 16 one-twelfth of the estimated annual real estate taxes, special  
45 17 assessments, hazard insurance premium, mortgage insurance  
45 18 premium, or any other payment agreed to by the borrower and  
45 19 the state credit union in order to better secure the loan.  
45 20 The state credit union shall be deemed to be acting in a  
45 21 fiduciary capacity with respect to these funds.

45 22 (2) A state credit union receiving funds in escrow  
45 23 pursuant to an escrow agreement executed on or after July 1,  
45 24 1982, in connection with a loan as defined in section 535.8,  
45 25 subsection 1, shall pay interest to the borrower on those  
45 26 funds, calculated on a daily basis, at the rate the state  
45 27 credit union pays to its members on ordinary savings deposits.

45 28 (3) A state credit union that maintains an escrow account  
45 29 in connection with any loan authorized by subsection 4,  
45 30 whether or not the mortgage has been assigned to a third  
45 31 person, shall each year deliver to the mortgagor a written  
45 32 annual accounting of all transactions made with respect to the  
45 33 loan and escrow account.

45 34 c. A state credit union that obtains a report or opinion  
45 35 by an attorney or from another mortgage lender relating to  
46 1 defects in or liens or encumbrances on the title to real  
46 2 property, the unmarketability of the title to real property,  
46 3 or the invalidity or unenforceability of liens or encumbrances  
46 4 on real property, shall provide a copy of the report or  
46 5 opinion to the mortgagor and the mortgagor's attorney.

46 6 5. ESCROW REPORTS. A state credit union may act as an  
46 7 escrow agent with respect to real property that is mortgaged  
46 8 to the state credit union, and may receive funds and make  
46 9 disbursements from escrowed funds in that capacity. The state  
46 10 credit union shall be deemed to be acting in a fiduciary  
46 11 capacity with respect to escrowed funds. A state credit union  
46 12 that maintains an escrow account, whether or not a mortgage  
46 13 has been assigned to a third person, shall deliver to the  
46 14 mortgagor a written summary of all transactions made with  
46 15 respect to the loan and escrow accounts during each calendar  
46 16 year. However, the mortgagor and mortgagee may, by mutual  
46 17 agreement, select a fiscal year reporting period other than  
46 18 the calendar year. The summary shall be delivered or mailed

46 19 not later than thirty days following the year to which the  
46 20 disclosure relates. The summary shall contain all of the  
46 21 following information:  
46 22 a. The name and address of the mortgagee.  
46 23 b. The name and address of the mortgagor.  
46 24 c. A summary of escrow account activity during the year as  
46 25 follows:  
46 26 (1) The balance of the escrow account at the beginning of  
46 27 the year.  
46 28 (2) The aggregate amount of deposits to the escrow account  
46 29 during the year.  
46 30 (3) The aggregate amount of withdrawals from the escrow  
46 31 account for each of the following categories:  
46 32 (a) Payments against loan principal.  
46 33 (b) Payments against interest.  
46 34 (c) Payments against real estate taxes.  
46 35 (d) Payments for real property insurance premiums.  
47 1 (e) All other withdrawals.  
47 2 (4) The balance of the escrow account at the end of the  
47 3 year.  
47 4 d. A summary of loan principal for the year as follows:  
47 5 (1) The amount of principal outstanding at the beginning  
47 6 of the year.  
47 7 (2) The aggregate amount of payments against principal  
47 8 during the year.  
47 9 (3) The amount of principal outstanding at the end of the  
47 10 year.  
47 11 6. OTHER LOANS. Loans that are not secured by real  
47 12 property shall be subject to the following conditions:  
47 13 a. Loans to any one member that in the aggregate exceed  
47 14 the unsecured loan limit established by the board of directors  
47 15 of a state credit union shall be secured by one or more  
47 16 cosigners or guarantors, or by a first lien on collateral  
47 17 having a value that is approximately equal to the amount in  
47 18 excess of such unsecured loan limit. Every cosigner or  
47 19 guarantor shall furnish the state credit union with evidence  
47 20 of financial responsibility.  
47 21 b. This subsection shall not be deemed to preclude a  
47 22 credit committee or loan officer from requiring security for  
47 23 any loan.  
47 24 c. A state credit union may make loans according to any or  
47 25 all of the following:  
47 26 (1) Loans insured under the provisions of 20 U.S.C. }  
47 27 1071=1087 or similar state programs.  
47 28 (2) Loans insured by the federal housing administration  
47 29 under 12 U.S.C. } 1703.  
47 30 (3) Loans to families of low or moderate income as a part  
47 31 of programs authorized in chapter 16.  
47 32 d. The restrictions and limitations contained in this  
47 33 subsection do not apply to loans made to a member credit union  
47 34 by a corporate central credit union.  
47 35 7. LOAN RENEWALS AND EXTENSIONS. This section shall not  
48 1 prevent the renewal or extension of loans.  
48 2 8. PENALTIES. The superintendent may impose a penalty on  
48 3 a state credit union for each loan made in violation of this  
48 4 section. If a state credit union, after notice in writing,  
48 5 and opportunity for hearing, fails to satisfactorily resolve  
48 6 the matter within sixty days from receipt of such notice, the  
48 7 superintendent may impose a penalty against such state credit  
48 8 union in an amount not to exceed one hundred dollars per day  
48 9 per violation for each day the violation remains unresolved.  
48 10 9. CONSUMER CREDIT CODE.  
48 11 a. The provisions of the Iowa consumer credit code shall  
48 12 apply to consumer loans made by a state credit union, and a  
48 13 provision of that code shall supersede any conflicting  
48 14 provision of this chapter with respect to a consumer loan.  
48 15 b. Notwithstanding paragraph "a", a state credit union may  
48 16 offer voluntary debt cancellation coverage, whether insurance  
48 17 or debt waiver, to members. The amount charged for the  
48 18 coverage shall be included in the amount financed, as defined  
48 19 in section 537.1301. However, the charge for such coverage  
48 20 may be excluded from the finance charge under the federal  
48 21 Truth in Lending Act as defined in section 537.1302.  
48 22 10. EARLY LOAN REPAYMENT. If a member elects to repay a  
48 23 loan secured by a mortgage or deed of trust upon real property  
48 24 that is a single-family or a two-family dwelling or  
48 25 agricultural land at a date earlier than is required by the  
48 26 terms of the loan, the state credit union shall be governed by  
48 27 section 535.9.  
48 28 11. INTEREST ON PREPAYMENT. Real estate loans on  
48 29 one-family to four-family dwellings may be repaid in part or

48 30 in full at any time, except that a state credit union may  
48 31 charge not to exceed six months' advance interest on that part  
48 32 of the aggregate amount of all prepayments made on such loan  
48 33 in any twelve-month period which exceeds twenty percent of the  
48 34 original principal amount of the loan; and may charge any  
48 35 negotiated rate on other loans. This subsection, however,  
49 1 does not authorize a state credit union to charge any advance  
49 2 interest or prepayment penalty where prohibited by section  
49 3 535.9.

49 4 Sec. 46. NEW SECTION. 533.316 INTEREST RATES.

49 5 1. a. Interest rates on loans made by a state credit  
49 6 union, other than loans secured by a mortgage or deed of trust  
49 7 which is a first lien upon real property, shall not exceed the  
49 8 finance charge permitted in sections 537.2401 and 537.2402 on  
49 9 consumer loans.

49 10 b. Interest rates on business loans shall not exceed the  
49 11 finance charge permitted by section 535.2.

49 12 2. With respect to a loan secured by a mortgage or deed of  
49 13 trust which is a first lien upon real property, a state credit  
49 14 union shall not charge a rate of interest that exceeds the  
49 15 maximum rate permitted by section 535.2.

49 16 3. The provisions of this section do not apply to a loan  
49 17 that is subject to section 636.46.

49 18 Sec. 47. NEW SECTION. 533.317 AUTHORITY TO LEASE SAFE  
49 19 DEPOSIT BOXES.

49 20 1. A state credit union may lease safe deposit boxes for  
49 21 the storage of property on terms and conditions prescribed by  
49 22 the state credit union. The terms and conditions shall not  
49 23 bind any person to whom the state credit union does not give  
49 24 notice of the terms and conditions by delivery of a lease and  
49 25 agreement in writing containing the terms and conditions.

49 26 2. A state credit union may limit its liability provided  
49 27 that the limitations are set forth in the lease and agreement  
49 28 in at least the same size and type as the other substantive  
49 29 provisions of the contract.

49 30 3. The lease and agreement of a safe deposit box may  
49 31 provide that evidence tending to prove that property was left  
49 32 in a safe deposit box upon the last entry by the member or the  
49 33 member's authorized agent, and that the property or any part  
49 34 of the property was found missing upon subsequent entry, is  
49 35 not sufficient to raise a presumption that the property was  
50 1 lost by any negligence or wrongdoing for which the state  
50 2 credit union is responsible, or put upon the state credit  
50 3 union the burden of proof that the alleged loss was not the  
50 4 fault of the state credit union.

50 5 4. A state credit union may lease a safe deposit box to a  
50 6 minor.

50 7 a. A state credit union may deal with a minor with respect  
50 8 to a safe deposit lease and agreement without the consent of a  
50 9 parent, guardian, or conservator and with the same effect as  
50 10 though the minor were an adult.

50 11 b. Any action of the minor with respect to such safe  
50 12 deposit lease and agreement is binding on the minor with the  
50 13 same effect as though the minor were an adult.

50 14 5. A state credit union that has on file a power of  
50 15 attorney of a member covering a safe deposit lease and  
50 16 agreement, which has not been revoked by the member, shall  
50 17 incur no liability as a result of continuing to honor the  
50 18 provisions of the power of attorney in the event of the death  
50 19 or incompetence of the donor of the power of attorney until  
50 20 the state credit union receives written notice of the death,  
50 21 or written notice of adjudication by a court of the  
50 22 incompetence of the member and the appointment of a guardian  
50 23 or conservator.

50 24 Sec. 48. NEW SECTION. 533.318 SAFE DEPOSIT BOX ACCESS.

50 25 1. A state credit union shall permit a person named in and  
50 26 authorized by a court order to open, examine, and remove the  
50 27 contents of a safe deposit box located at the state credit  
50 28 union.

50 29 2. If a court order has not been delivered to a state  
50 30 credit union, the following persons may access and remove any  
50 31 or all contents of a safe deposit box located at the state  
50 32 credit union and described in an ownership or rental agreement  
50 33 or lease between the state credit union and a deceased owner  
50 34 or lessee:

50 35 a. A co-owner or co-lessee of the safe deposit box.

51 1 b. A person designated in the safe deposit box agreement  
51 2 or lease to have access to the safe deposit box upon the death  
51 3 of the lessee, to the extent provided in the safe deposit box  
51 4 agreement or lease.

51 5 c. An executor or administrator of the estate of a

51 6 deceased owner or lessee upon delivery to the state credit  
51 7 union of a certified copy of letters of appointment.  
51 8 d. A person named as an executor in a copy of a purported  
51 9 will produced by the person, provided such access shall be  
51 10 limited to the removal of a purported will, and no other  
51 11 contents shall be removed.  
51 12 e. A trustee of a trust created by the deceased owner or  
51 13 lessee upon delivery to the state credit union of a copy of  
51 14 the trust together with an affidavit by the trustee that  
51 15 certifies that the copy of the trust delivered to the state  
51 16 credit union with the affidavit is an accurate and complete  
51 17 copy of the trust, the trustee is the duly authorized and  
51 18 acting trustee under the trust, the trust property includes  
51 19 property in the safe deposit box, and that to the knowledge of  
51 20 the trustee the trust has not been revoked.

51 21 3. A person removing any contents of a safe deposit box  
51 22 pursuant to subsection 1 or 2 shall deliver any writing  
51 23 purported to be a will of the decedent to the court having  
51 24 jurisdiction over the decedent's estate.

51 25 4. a. If a person authorized to have access under  
51 26 subsection 1 or 2 does not request access to the safe deposit  
51 27 box within the thirty-day period immediately following the  
51 28 date of death of the owner or lessee of a safe deposit box,  
51 29 and the state credit union has knowledge of the death of the  
51 30 owner or lessee of the safe deposit box, the safe deposit box  
51 31 may be opened by or in the presence of two employees of the  
51 32 state credit union.

51 33 b. If a safe deposit box is opened pursuant to paragraph  
51 34 "a", the state credit union employees present at such opening  
51 35 shall do all of the following:

52 1 (1) Remove any purported will of the deceased owner or  
52 2 lessee.

52 3 (2) Unseal, copy, and retain in the records of the state  
52 4 credit union a copy of a purported will removed from the safe  
52 5 deposit box. An additional copy of such purported will shall  
52 6 be made, dated, and signed by the credit union employees  
52 7 present at the safe deposit box opening and placed in the safe  
52 8 deposit box. The safe deposit box shall then be resealed.

52 9 (3) The original of a purported will shall be sent by  
52 10 certified mail or restricted certified mail or personally  
52 11 delivered to the district court in the county of the last  
52 12 known residence of the deceased owner or lessee, or the court  
52 13 having jurisdiction over the testator's estate. If the  
52 14 residence is unknown or last known and not in this state, the  
52 15 purported will shall be sent by certified mail or restricted  
52 16 certified mail or personally delivered to the district court  
52 17 in the county where the safe deposit box is located.

52 18 c. If no key is produced, the state credit union may cause  
52 19 the safe deposit box to be opened and the state credit union  
52 20 shall have a claim against the estate of the deceased owner or  
52 21 lessee and a lien upon the contents of the safe deposit box  
52 22 for the costs of opening and resealing the safe deposit box.

52 23 5. a. A state credit union may rely upon published  
52 24 information or other reasonable proof of death of an owner or  
52 25 lessee.

52 26 b. A state credit union has no duty to inquire about or  
52 27 discover, and is not liable to any person for failure to  
52 28 inquire about or discover, the death of the owner or lessee of  
52 29 a safe deposit box.

52 30 c. A state credit union has no duty to open or cause to be  
52 31 opened, and is not liable to any person for failure to open or  
52 32 cause to be opened, a safe deposit box of a deceased owner or  
52 33 lessee.

52 34 d. Upon compliance with the requirements of this section  
52 35 as appropriate, the state credit union is not liable to any  
53 1 person as a result of the opening of the safe deposit box,  
53 2 removal and delivery of the purported will, or retention of  
53 3 the unopened safe deposit box and contents.

53 4 Sec. 49. NEW SECTION. 533.319 ADVERSE CLAIMS TO PROPERTY  
53 5 IN SAFE DEPOSIT AND SAFEKEEPING.

53 6 1. A state credit union shall not be required, in the  
53 7 absence of a court order or indemnity required by this  
53 8 section, to recognize any claim to, or claim of authority to  
53 9 exercise control over, property held in safe deposit or  
53 10 property held for safekeeping pursuant to section 533.321 made  
53 11 by a person or persons other than the following:

53 12 a. The member in whose name the property is held by the  
53 13 state credit union.

53 14 b. An individual or group of individuals who are  
53 15 authorized to have access to the safe deposit box, or to the  
53 16 property held for safekeeping, pursuant to a certified

53 17 corporate resolution or other written arrangement with the  
53 18 member, currently on file with the state credit union, which  
53 19 has not been revoked by valid corporate action in the case of  
53 20 a corporation, or by a valid agreement or other valid action  
53 21 appropriate for the form of legal organization of any other  
53 22 member, of which the state credit union has received notice  
53 23 and which is not the subject of a dispute known to the state  
53 24 credit union as to its original validity. The safe deposit  
53 25 and safekeeping account records of a state credit union shall  
53 26 be presumptive evidence as to the identity of the member on  
53 27 whose behalf the property is held.

53 28 2. A person making an adverse claim to, or an adverse  
53 29 claim of authority to control, property held in a safe deposit  
53 30 box or for safekeeping, must do either of the following:

53 31 a. Obtain and serve on the state credit union an  
53 32 appropriate court order or judicial process directed to the  
53 33 state credit union, restraining any action with respect to the  
53 34 property until further order of the court or instructing the  
53 35 state credit union to deliver the property, in whole or in

54 1 part, as indicated in the order or process.

54 2 b. Deliver to the state credit union a bond, in form and  
54 3 amount with sureties satisfactory to the state credit union,  
54 4 indemnifying the state credit union against any liability,  
54 5 loss, or expense which the state credit union might incur  
54 6 because of its refusal to deliver the property to any person  
54 7 described in subsection 1, paragraph "a" or "b".

54 8 Sec. 50. NEW SECTION. 533.320 REMEDIES AND PROCEEDINGS  
54 9 FOR NONPAYMENT OF RENT ON SAFE DEPOSIT BOX.

54 10 1. A state credit union has a lien upon the contents of a  
54 11 safe deposit box for past due rentals and any expense incurred  
54 12 in opening the safe deposit box, replacement of the locks on  
54 13 the safe deposit box, and of a sale made pursuant to this  
54 14 section.

54 15 2. If the rental of a safe deposit box is not paid within  
54 16 six months from the day the rental is due, at any time after  
54 17 the six months and while the rental remains unpaid, the state  
54 18 credit union shall mail a notice by restricted certified mail  
54 19 to the member at the member's last known address as shown upon  
54 20 the records of the state credit union, stating that if the  
54 21 amount due for the rental is not paid on or before a specified  
54 22 day, which shall be at least thirty days after the date of  
54 23 mailing such notice, the state credit union will remove the  
54 24 contents of the safe deposit box and hold the contents for the  
54 25 account of the member.

54 26 3. If the rental for the safe deposit box has not been  
54 27 paid after the expiration of the period specified in a notice  
54 28 mailed pursuant to subsection 2, the state credit union, in  
54 29 the presence of two of its officers, may cause the safe  
54 30 deposit box to be opened and the contents removed. An  
54 31 inventory of the contents of the safe deposit box shall be  
54 32 made by the two officers present and the contents held by the  
54 33 state credit union for the account of the member.

54 34 4. a. If the contents are not claimed within two years  
54 35 after their removal from the safe deposit box, the state  
55 1 credit union may proceed to sell so much of the contents as is  
55 2 necessary to pay the past due rentals and expense incurred in  
55 3 opening the safe deposit box, replacement of the locks on the  
55 4 safe deposit box, and the sale of the contents.

55 5 b. The sale shall be held at the time and place specified  
55 6 in a notice published prior to the sale once each week for two  
55 7 successive weeks in a newspaper of general circulation  
55 8 published in the city or unincorporated area in which the  
55 9 state credit union has its principal place of business, or if  
55 10 there is none, a newspaper of general circulation published in  
55 11 the county, or in a county adjoining the county, in which the  
55 12 state credit union has its principal place of business.

55 13 c. A copy of the published notice shall be mailed to the  
55 14 member at the member's last known address as shown upon the  
55 15 records of the state credit union.

55 16 d. The notice shall contain the name of the member and  
55 17 need only describe the contents of the safe deposit box in  
55 18 general terms.

55 19 e. The contents of any number of safe deposit boxes may be  
55 20 sold under one notice of sale and the cost of the sale  
55 21 apportioned ratably among the several safe deposit box members  
55 22 involved.

55 23 f. At the time and place designated in the notice the  
55 24 contents taken from each respective safe deposit box shall be  
55 25 sold separately to the highest bidder for cash and the  
55 26 proceeds of each sale applied to the rentals and expenses due  
55 27 to the state credit union and the residue from any such sale

55 28 shall be held by the state credit union for the account of the  
55 29 member or members.

55 30 g. An amount held as proceeds from such sale shall be  
55 31 credited with interest at the customary annual rate for  
55 32 savings accounts at the state credit union, or in lieu, at the  
55 33 customary rate of interest in the community where such  
55 34 proceeds are held. The crediting of interest does not  
55 35 activate the account to avoid an abandonment as unclaimed  
56 1 property under chapter 556.

56 2 5. a. Notwithstanding the provisions of this section,  
56 3 shares, bonds, or other securities which, at the time of a  
56 4 sale pursuant to subsection 4, are listed on an established  
56 5 stock exchange in the United States shall not be sold at  
56 6 public sale but may be sold through an established stock  
56 7 exchange.

56 8 b. Upon making a sale of any such securities, an officer  
56 9 of the state credit union shall execute and attach to the  
56 10 securities an affidavit reciting facts showing that the  
56 11 securities were sold pursuant to this section, and that the  
56 12 state credit union has complied with the provisions of this  
56 13 section. The affidavit constitutes sufficient authority to  
56 14 any corporation whose shares are sold or to any registrar or  
56 15 transfer agent of such corporation to cancel the certificates  
56 16 representing the shares to the purchaser of the shares, and to  
56 17 any registrar, trustee, or transfer agent of registered bonds  
56 18 or other securities, to register any such bonds or other  
56 19 securities in the name of the purchaser of the bonds or other  
56 20 securities.

56 21 6. The proceeds of any sale made pursuant to this section,  
56 22 after the payment of any amounts with respect to which the  
56 23 state credit union has a lien, any property that was not  
56 24 offered for sale and property which, although offered for  
56 25 sale, was not sold, shall be retained by the state credit  
56 26 union until such time as the property is presumed abandoned  
56 27 according to section 556.2, and shall be handled pursuant to  
56 28 chapter 556.

56 29 Sec. 51. NEW SECTION. 533.321 AUTHORITY TO RECEIVE  
56 30 PROPERTY FOR SAFEKEEPING.

56 31 1. A state credit union may accept property for  
56 32 safekeeping if the state credit union issues a receipt for the  
56 33 property, except in the case of night depositories.

56 34 a. A state credit union accepting property for safekeeping  
56 35 shall purchase and maintain reasonable insurance coverage to  
57 1 ensure against loss incurred in connection with the acceptance  
57 2 of property for safekeeping.

57 3 b. Property held for safekeeping shall not be commingled  
57 4 with the property of the state credit union or the property of  
57 5 others.

57 6 2. A state credit union has a lien upon any property held  
57 7 for safekeeping and for expenses incurred in any sale made  
57 8 pursuant to this subsection.

57 9 a. If the charge for safekeeping of property is not paid  
57 10 within six months from the day the charge is due, at any time  
57 11 after the six months and while the charge remains unpaid, the  
57 12 state credit union may mail a notice to the member at the  
57 13 member's last known address as shown upon the records of the  
57 14 state credit union, stating that if the amount due is not paid  
57 15 on or before a specified day, which shall be at least thirty  
57 16 days after the date of mailing the notice, the state credit  
57 17 union will remove the property from safekeeping and hold the  
57 18 property for the account of the member.

57 19 b. After the expiration of the period specified in the  
57 20 notice, if the charge for safekeeping has not been paid, the  
57 21 state credit union may remove the property from safekeeping,  
57 22 cause the property to be inventoried, and hold the property  
57 23 for the account of the member.

57 24 c. If the property is not claimed within two years after  
57 25 its removal from safekeeping, the state credit union may  
57 26 proceed to sell so much of the property as is necessary to pay  
57 27 the charge which remains unpaid and the expense incurred in  
57 28 making the sale in the manner provided for in section 533.320,  
57 29 subsections 4 and 5.

57 30 d. The proceeds of any sale made pursuant to this section,  
57 31 after payment of any amounts with respect to which the state  
57 32 credit union has a lien, any property that was not offered for  
57 33 sale, and property which, although offered for sale, was not  
57 34 sold, shall be retained by the state credit union until such  
57 35 time as the property is presumed abandoned according to  
58 1 section 556.2, and shall be handled pursuant to chapter 556.

58 2 Sec. 52. NEW SECTION. 533.322 PRESERVATION OF RECORDS.

58 3 1. The superintendent may adopt rules regarding the

58 4 preservation of records and files of a state credit union or  
58 5 any other person supervised or regulated by the  
58 6 superintendent. A state credit union is not required to  
58 7 preserve its records for a period longer than eleven years  
58 8 after the first day of January of the year following the time  
58 9 of the making or filing of such records. However, account  
58 10 records showing unpaid balances due to depositors shall not be  
58 11 destroyed.

58 12 2. A copy of an original may be kept in lieu of any  
58 13 original records.

58 14 a. For purposes of this section, a copy includes any  
58 15 duplicate, rerecording or reproduction of an original record  
58 16 from any photograph, photostat, microfilm, microcard,  
58 17 miniature or microphotograph, computer printout,  
58 18 electronically stored data or image, or other process that  
58 19 accurately reproduces or forms a durable medium for accurately  
58 20 and legibly reproducing an unaltered image or reproduction of  
58 21 the original record.

58 22 b. A copy is deemed to be an original and shall be treated  
58 23 as an original record in a judicial or administrative  
58 24 proceeding for purposes of admissibility in evidence. A  
58 25 facsimile, exemplification, or certified copy of any such copy  
58 26 reproduced from a film record is deemed to be a facsimile,  
58 27 exemplification, or certified copy of the original.

58 28 Sec. 53. NEW SECTION. 533.323 PHOTOGRAPHIC RECORDS.

58 29 1. Any state credit union writing or record, or a  
58 30 photostatic or photographic reproduction of such writing or  
58 31 record, whether in the form of an entry in a book or  
58 32 otherwise, made as a memorandum or record of any act,  
58 33 transaction, occurrence, or event, shall be admissible in  
58 34 evidence as proof of the act, transaction, occurrence, or  
58 35 event, if made in the regular course of business.

59 1 2. A printout or other tangible output, readable by sight,  
59 2 shown to accurately reflect data contained in a promissory  
59 3 note, negotiable instrument, or letter of credit, that  
59 4 contains a signature made or created by electronic or digital  
59 5 means such that it is stored by a computer or similar device,  
59 6 is deemed to be an original of such note, instrument, or  
59 7 letter for purposes of presenting such note, instrument, or  
59 8 letter for payment, acceptance, or honor, or for purposes of a  
59 9 judicial proceeding involving a claim based upon such note,  
59 10 instrument, or letter.

59 11 Sec. 54. NEW SECTION. 533.324 LIABILITY FOR DESTRUCTION.

59 12 1. With the exception of certain account records which  
59 13 shall not be destroyed pursuant to section 533.322, liability  
59 14 shall not accrue against a state credit union for destroying  
59 15 records if the records were maintained for the minimum time  
59 16 provided for in this chapter.

59 17 2. In any cause or proceeding in which state credit union  
59 18 records or files may be called in question or be demanded of  
59 19 the state credit union, or any officer or employee of the  
59 20 state credit union, a showing that such records or files have  
59 21 been destroyed in accordance with the provisions of this  
59 22 chapter or rules adopted pursuant to this chapter shall be a  
59 23 sufficient excuse for the failure to produce them.

59 24 Sec. 55. NEW SECTION. 533.325 CONFIDENTIALITY OF STATE  
59 25 CREDIT UNION INFORMATION.

59 26 1. The directors, officers, committee members, and  
59 27 employees of a state credit union shall hold in confidence all  
59 28 information regarding transactions of the state credit union,  
59 29 including information regarding transactions with its members  
59 30 and their personal affairs, except to the extent necessary in  
59 31 connection with making, extending, or collecting a loan or  
59 32 line of credit, guaranteeing of member share drafts by third  
59 33 parties, or complying with the examination of credit union  
59 34 records by regulatory authorities or compliance with an order  
59 35 from a court having jurisdiction over the state credit union.

60 1 2. The board of directors may authorize participation of a  
60 2 state credit union in a credit or consumer reporting agency if  
60 3 the board has determined that use of such an agency is  
60 4 essential in making and extending a loan or line of credit, or  
60 5 guaranteeing member share drafts, and that information  
60 6 supplied by the state credit union to such agency will be made  
60 7 available only to legitimate members of that agency having a  
60 8 legitimate business need for the information in connection  
60 9 with a business transaction involving the state credit union.

60 10 Sec. 56. NEW SECTION. 533.326 GOVERNMENTAL EMPLOYEES.

60 11 1. When a state credit union has been organized by the  
60 12 employees of the state or any political subdivision of the  
60 13 state, the officer who writes warrants for the state or other  
60 14 governmental body by which any public employee state credit

60 15 union member is employed, may withhold from the salary or  
60 16 wages of the employee, and pay over to such state credit  
60 17 union, sums as may be designated by written authorization  
60 18 signed by the employee.

60 19 2. The provisions of section 539.4 shall have no  
60 20 application to this section.

60 21 Sec. 57. NEW SECTION. 533.327 CHANGE IN PLACE OF  
60 22 BUSINESS.

60 23 A state credit union may change its place of business on  
60 24 written notice to the superintendent.

60 25 Sec. 58. NEW SECTION. 533.328 CONDUCTING BUSINESS  
60 26 OUTSIDE OF STATE.

60 27 If a state credit union has an office and conducts business  
60 28 in another state having laws or regulations allowing credit  
60 29 unions to exercise additional powers, the state credit union  
60 30 may request permission from the superintendent to exercise  
60 31 such additional powers while operating in the other state with  
60 32 only the resident members of that other state.

60 33 Sec. 59. NEW SECTION. 533.329 TAXATION.

60 34 1. A state credit union shall be deemed an institution for  
60 35 savings and is subject to taxation only as to its real estate  
61 1 and moneys and credits. The shares shall not be taxed.

61 2 2. a. The moneys and credits tax on state credit unions  
61 3 is imposed at a rate of one-half cent on each dollar of the  
61 4 legal and special reserves that are required to be maintained  
61 5 by the state credit union under section 533.303, and shall be  
61 6 levied by the board of supervisors and placed upon the tax  
61 7 list and collected by the county treasurer. However, an  
61 8 exemption shall be given to each state credit union in the  
61 9 amount of forty thousand dollars.

61 10 b. The amount collected in each taxing district within a  
61 11 city shall be apportioned twenty percent to the county, thirty  
61 12 percent to the city general fund, and fifty percent to the  
61 13 general fund of the state, and the amount collected in each  
61 14 taxing district outside of cities shall be apportioned fifty  
61 15 percent to the county and fifty percent to the general fund of  
61 16 the state.

61 17 c. The moneys and credits tax shall be collected at the  
61 18 location of the state credit union as shown in its articles of  
61 19 incorporation.

61 20 d. The moneys and credits tax imposed under this section  
61 21 shall be reduced by a tax credit authorized pursuant to  
61 22 section 15.331C for certain sales taxes paid by a third-party  
61 23 developer.

61 24 e. The moneys and credits tax imposed under this section  
61 25 shall be reduced by an investment tax credit authorized  
61 26 pursuant to section 15.333.

61 27 f. The moneys and credits tax imposed under this section  
61 28 shall be reduced by an investment tax credit authorized  
61 29 pursuant to section 15E.43.

61 30 g. The moneys and credits tax imposed under this section  
61 31 shall be reduced by an investment tax credit authorized  
61 32 pursuant to section 15E.51.

61 33 h. The moneys and credits tax imposed under this section  
61 34 shall be reduced by an Iowa fund of funds tax credit  
61 35 authorized pursuant to section 15E.66.

62 1 i. The moneys and credits tax imposed under this section  
62 2 shall be reduced by an economic development region revolving  
62 3 fund contribution tax credit authorized pursuant to section  
62 4 15E.232.

62 5 j. The moneys and credits tax imposed under this section  
62 6 shall be reduced by an endow Iowa tax credit authorized  
62 7 pursuant to section 15E.305.

62 8 k. The moneys and credits tax imposed under this section  
62 9 shall be reduced by a wage-benefits tax credit authorized  
62 10 pursuant to section 15I.2.

62 11 Sec. 60. NEW SECTION. 533.330 REPORTS.

62 12 1. A state credit union shall report quarterly at a  
62 13 specified time to the superintendent in a format prescribed by  
62 14 the superintendent for that purpose.

62 15 a. If any quarterly report is in arrears, a penalty of one  
62 16 hundred dollars for each day or fraction of a day such report  
62 17 is in arrears may be levied by the superintendent against the  
62 18 offending state credit union. This penalty shall be in  
62 19 addition to the penalty for failure to pay the annual fee  
62 20 pursuant to section 533.112.

62 21 b. If a quarterly report is not provided to the  
62 22 superintendent within thirty days of the due date, the  
62 23 superintendent may, after written notice to the board of  
62 24 directors of the state credit union, suspend or revoke the  
62 25 certificate of approval, take possession of the business and

62 26 property of the state credit union, and order its dissolution.  
62 27 2. In addition to the quarterly report, the superintendent  
62 28 may, from time to time, require a state credit union to  
62 29 provide other supplemental reports at a specified time.  
62 30 Failure of a state credit union to provide supplemental  
62 31 reports when due may result in the superintendent levying a  
62 32 penalty of fifty dollars per day for each day or fraction of a  
62 33 day such report is late.

62 34 Sec. 61. NEW SECTION. 533.340 CREDIT UNION SERVICE  
62 35 ORGANIZATION.

63 1 1. A credit union service organization may engage in any  
63 2 of the nondepository activities that a state credit union is  
63 3 authorized to engage in under this chapter.

63 4 2. A credit union service organization may engage in  
63 5 activities authorized under federal law and regulation for a  
63 6 federal credit union service organization. However, a credit  
63 7 union service organization shall not engage in any activity  
63 8 which is prohibited under state law for a state credit union.

63 9 Sec. 62. NEW SECTION. 533.401 MERGER.

63 10 1. With the approval of the superintendent, a state credit  
63 11 union may merge with another credit union under the existing  
63 12 certificate of approval of the other credit union if the  
63 13 merger is pursuant to a plan agreed upon by a majority of the  
63 14 board of directors of each credit union joining in the merger  
63 15 and the merger is approved by the affirmative vote of a  
63 16 majority of the members of the merging credit union either by  
63 17 mail or in person at a meeting called for the purpose of  
63 18 voting on the merger.

63 19 2. A plan of merger, whether by act of consolidation,  
63 20 acquisition, or business combination, along with evidence that  
63 21 the plan has been approved by the members of the merging  
63 22 credit union in accordance with the provisions of this  
63 23 section, shall be submitted to the superintendent, along with  
63 24 any additional materials the superintendent may request.

63 25 3. The superintendent may approve a merger according to  
63 26 the plan agreed upon by the majority of the board of directors  
63 27 of each credit union if the superintendent receives a written  
63 28 and verified application filed by the board of directors of  
63 29 each credit union and finds all of the following:

63 30 a. Notice of the meeting called to consider the merger was  
63 31 mailed to each member of the merging credit union entitled to  
63 32 vote upon the question at least twenty days prior to the date  
63 33 of the merger meeting.

63 34 b. The notice disclosed the purpose of the meeting and  
63 35 properly informed the membership that approval of the merger  
64 1 would be sought pursuant to this section.

64 2 c. At the meeting called to consider the merger, a  
64 3 majority of the votes received, by regular mail or in person,  
64 4 upon the question were in favor of the merger.

64 5 d. Control of the merging credit union shall transfer to  
64 6 the board of directors of the continuing credit union upon  
64 7 approval of the merger by the superintendent and the favorable  
64 8 vote of a majority of the members as prescribed in paragraph  
64 9 "c". Upon transfer of control, the board of directors of the  
64 10 merging credit union may only do such things necessary to  
64 11 execute the merger.

64 12 4. The superintendent may disapprove a merger if the  
64 13 superintendent finds either of the following:

64 14 a. The merger would not result in a safe and sound credit  
64 15 union.

64 16 b. The procedures required by this section, particularly  
64 17 those used to obtain member approval for the merger, were not  
64 18 followed or were irregular.

64 19 5. The superintendent may waive the membership merger vote  
64 20 if the superintendent finds that an emergency exists which  
64 21 justifies the waiver.

64 22 6. The certificate of merger and a copy of the agreed plan  
64 23 of merger shall be forwarded to the superintendent, certified  
64 24 by the superintendent, and returned to both credit unions  
64 25 within thirty days of the date of receipt by the  
64 26 superintendent.

64 27 7. a. Upon return of the certificate from the  
64 28 superintendent, all of the merging credit union's property,  
64 29 property rights, and members' interests shall vest in the  
64 30 continuing credit union without the legal need for deeds,  
64 31 endorsements or other instruments of transfer, and all debts,  
64 32 obligations, and liabilities of the merging credit union shall  
64 33 be assumed by the continuing credit union.

64 34 b. The rights and privileges of the members of the merging  
64 35 credit union shall continue as provided in the plan.

65 1 c. Credit union membership in the continuing credit union

65 2 shall be available to persons within the common bond of the  
65 3 merging credit union.

65 4 8. This section shall be construed to permit a credit  
65 5 union organized under any other statute to merge with one  
65 6 organized under this chapter, or to permit one organized under  
65 7 this chapter to merge with one organized under any other  
65 8 statute.

65 9 9. As used in the section, the term "merger" or "merge"  
65 10 means the combination of assets and liabilities of one credit  
65 11 union with those of another credit union such that one credit  
65 12 union continues and the other credit union surrenders its  
65 13 charter to operate as a credit union.

65 14 Sec. 63. NEW SECTION. 533.402 CONVERSION OF FINANCIAL  
65 15 INSTITUTION TO STATE CREDIT UNION.

65 16 1. Any financial institution may convert to a state credit  
65 17 union by complying with the laws of the original chartered  
65 18 authority and upon the approval of the superintendent. As  
65 19 used in this section, "financial institution" means any credit  
65 20 union, bank, savings bank, or savings and loan association  
65 21 chartered under federal or state law.

65 22 a. Application for approval of the conversion to a state  
65 23 credit union shall be submitted to the superintendent in the  
65 24 form prescribed by the superintendent, together with the  
65 25 articles of incorporation and bylaws as required for  
65 26 organization of a state credit union pursuant to this chapter.

65 27 b. The superintendent may cause an examination to be made  
65 28 of any converting financial institution. The converting  
65 29 financial institution shall reimburse the superintendent for  
65 30 the division's costs related to the conversion.

65 31 2. a. If the superintendent approves the application of a  
65 32 financial institution for conversion to a state credit union,  
65 33 the superintendent shall cause the articles of incorporation  
65 34 of the resulting state credit union to be filed and recorded  
65 35 in the county in which the state credit union has its  
66 1 principal place of business and the superintendent shall issue  
66 2 a certificate of authority to do business under the laws of  
66 3 this state to the resulting state credit union. The financial  
66 4 institution shall then become a state credit union subject to  
66 5 the laws of this state.

66 6 b. The superintendent shall furnish a copy of the  
66 7 certificate to the administrator of the national credit union  
66 8 administration.

66 9 3. a. Upon conversion, the existence of the original  
66 10 financial institution shall cease.

66 11 b. The state credit union resulting from the conversion  
66 12 shall have only the authority to engage in the business and  
66 13 exercise the powers of a state credit union.

66 14 4. a. A liability of the original financial institution  
66 15 or of its members, directors, or officers shall not be  
66 16 affected, and any lien on any property of the financial  
66 17 institution shall not be impaired by the conversion.

66 18 b. Any claim existing or action pending by or against the  
66 19 original financial institution may be prosecuted to judgment  
66 20 as if the conversion had not taken place, or the resulting  
66 21 state credit union may be substituted in its place.

66 22 Sec. 64. NEW SECTION. 533.403 CONVERSION OF STATE CREDIT  
66 23 UNION TO OTHER FINANCIAL INSTITUTION.

66 24 1. a. A state credit union may convert to another  
66 25 financial institution with the approval of the superintendent  
66 26 and by the affirmative vote of a two-thirds majority of the  
66 27 state credit union's members who vote either by mail or in  
66 28 person at a meeting called for the purpose of voting on the  
66 29 conversion. As used in this section, "financial institution"  
66 30 means any credit union, bank, savings bank, or savings and  
66 31 loan association chartered under federal or state law.

66 32 b. A vote regarding conversion of a state credit union  
66 33 shall be at a special membership meeting called for that  
66 34 purpose and shall be in the manner prescribed by the bylaws  
66 35 and pursuant to the rules of the superintendent.

67 1 c. Any member eligible to vote and not present at the  
67 2 meeting may, within twenty days after the date on which the  
67 3 meeting was held, vote in favor of conversion by signing a  
67 4 statement in a form approved by the superintendent. This vote  
67 5 shall have the same force and effect as if cast at the  
67 6 meeting.

67 7 2. a. The board of directors of the state credit union  
67 8 shall promptly notify the superintendent of any proposed  
67 9 conversion and of any abandonment or disapproval of the  
67 10 conversion by the members.

67 11 b. The board of directors of the state credit union shall  
67 12 also promptly notify the superintendent of any approval or

67 13 disapproval of the conversion by the state or federal  
67 14 chartering authority of the financial institution.

67 15 c. The board of directors of the state credit union shall  
67 16 file with the superintendent appropriate evidence of the  
67 17 following:

67 18 (1) That the state or federal chartering authority of the  
67 19 financial institution approves the proposed conversion.

67 20 (2) That the financial institution accepts the state  
67 21 credit union's accounts for deposit insurance coverage.

67 22 (3) That the state credit union has complied with the  
67 23 provisions of this section.

67 24 d. The board of directors of the state credit union shall  
67 25 notify the superintendent of the date on which the conversion  
67 26 is to be effective.

67 27 3. Upon receipt of satisfactory proof that the state  
67 28 credit union has complied with all applicable laws and  
67 29 received approval from both the deposit insurer and the new  
67 30 chartering authority, the superintendent shall issue a  
67 31 certificate of conversion which shall be filed and recorded in  
67 32 the county in which the state credit union has its principal  
67 33 place of business and in the county in which its original  
67 34 articles of incorporation were filed and recorded.

67 35 Sec. 65. NEW SECTION. 533.404 DISSOLUTION GENERALLY.

68 1 The following shall apply to dissolution of a state credit  
68 2 union under this chapter, whether voluntary or involuntary:

68 3 1. Distribution of the assets of the state credit union  
68 4 shall be made in the following order:

68 5 a. The payment of costs and expense of the administrator  
68 6 of dissolution.

68 7 b. The payment of claims for public funds deposited  
68 8 pursuant to chapter 12C and the payment of claims which are  
68 9 given priority by applicable statutes. If the assets are  
68 10 insufficient for payment of the claims in full, priority shall  
68 11 be determined by the statutes or, in the absence of  
68 12 conflicting provisions, on a pro rata basis.

68 13 c. The payment of deposits, including accrued interest, up  
68 14 to the date of the special meeting of the members at which  
68 15 voluntary dissolution was authorized, or in the case of  
68 16 involuntary dissolution, the date of appointment of a  
68 17 receiver.

68 18 d. The pro rata apportionment of the balance among the  
68 19 members of record on the date of the special meeting of the  
68 20 members at which voluntary dissolution was authorized, or in  
68 21 the case of involuntary dissolution, the members of record on  
68 22 the date of appointment of a receiver.

68 23 2. All amounts due members who are unknown, or who are  
68 24 under a disability and no person is legally competent to  
68 25 receive the amounts, or who cannot be found after the exercise  
68 26 of reasonable diligence, shall be transmitted to the treasurer  
68 27 of state who shall hold the amounts in the manner prescribed  
68 28 by chapter 556. All amounts due creditors as described in  
68 29 section 490.1440 shall be transmitted to the treasurer of  
68 30 state in accordance with that section and shall be retained by  
68 31 the treasurer of state and subject to claim as provided for in  
68 32 that section.

68 33 3. The superintendent shall assume custody of the records  
68 34 of a state credit union dissolved pursuant to this chapter and  
68 35 shall retain the records which, in the superintendent's  
69 1 discretion, are deemed necessary, in accordance with the  
69 2 provisions of section 533.322. The superintendent may cause  
69 3 film, photographic, photostatic, or other copies of the  
69 4 records to be made and the superintendent shall retain the  
69 5 copies in lieu of the original records.

69 6 4. a. The dissolution of a state credit union shall not  
69 7 remove or impair any remedy available to or against such state  
69 8 credit union, its directors, officers, or members for any  
69 9 right or claim existing or any liability incurred prior to  
69 10 such dissolution if an action or other proceeding to enforce  
69 11 the right or claim is commenced within two years after the  
69 12 date of filing of a certificate or decree of dissolution with  
69 13 the county recorder in the county in which the state credit  
69 14 union has its principal place of business.

69 15 b. Any such action or proceeding by or against the state  
69 16 credit union may be prosecuted or defended by the state credit  
69 17 union in its corporate name.

69 18 c. The members, directors, and officers shall have power  
69 19 to take such corporate or other action as shall be appropriate  
69 20 to protect such remedy, right, or claim.

69 21 Sec. 66. NEW SECTION. 533.405 VOLUNTARY DISSOLUTION.

69 22 The process of voluntary dissolution shall be as follows:

69 23 1. At a special meeting called for that purpose, a state

69 24 credit union may dissolve upon the affirmative vote of a  
69 25 two-thirds majority of its members eligible to vote at the  
69 26 special meeting.

69 27 a. Notice of the meeting's purpose shall be contained in  
69 28 the meeting's notice.

69 29 b. Any member eligible to vote and not present at the  
69 30 meeting may, within twenty days after the date on which the  
69 31 meeting was held, vote in favor of dissolution by signing a  
69 32 statement in a form approved by the superintendent. This vote  
69 33 shall have the same force and effect as if cast at the  
69 34 meeting.

69 35 2. a. The state credit union shall cease to do business  
70 1 except for the purposes of liquidation immediately upon giving  
70 2 notice of the special meeting called for the members' vote on  
70 3 dissolution.

70 4 b. The board of directors shall immediately notify the  
70 5 superintendent of the intention of the state credit union to  
70 6 dissolve.

70 7 c. The state credit union shall not resume its regular  
70 8 business unless the dissolution fails to receive the required  
70 9 vote of the members or unless the members have revoked prior  
70 10 affirmative action to dissolve as provided for in subsection  
70 11 6.

70 12 3. a. The board of directors shall have power to  
70 13 terminate and settle the affairs of a state credit union in  
70 14 voluntary dissolution.

70 15 b. The state credit union shall continue in existence for  
70 16 the purpose of discharging its liabilities, collecting and  
70 17 distributing its assets, and doing all acts required in order  
70 18 to terminate its affairs.

70 19 c. The state credit union may sue and be sued for the  
70 20 purpose of enforcing such liabilities and for the purpose of  
70 21 collecting its assets until its affairs are fully settled.

70 22 d. During the course of dissolution proceedings, the state  
70 23 credit union shall make such reports and shall be subject to  
70 24 such examinations as the superintendent may require.

70 25 e. If at any time after the affirmative vote of a majority  
70 26 of the members of a state credit union to dissolve the state  
70 27 credit union, the superintendent finds that the state credit  
70 28 union is not making reasonable progress toward terminating its  
70 29 affairs, the superintendent may apply to the district court  
70 30 for appointment of a receiver to terminate the affairs of the  
70 31 state credit union.

70 32 f. If the superintendent finds that a dissolving state  
70 33 credit union is insolvent, the superintendent may proceed as  
70 34 otherwise provided in this chapter.

70 35 4. a. The board of directors may appoint by resolution  
71 1 any responsible person as defined in section 4.1, whose  
71 2 appointment has been approved by the superintendent, to  
71 3 exercise its powers to terminate and settle the affairs of the  
71 4 state credit union pursuant to this section.

71 5 b. The superintendent may adopt rules establishing the  
71 6 qualifications that must be met by such appointees, including  
71 7 but not limited to filing a surety bond with the  
71 8 superintendent.

71 9 5. a. Upon such proof as is satisfactory to the  
71 10 superintendent that all assets have been liquidated from which  
71 11 there is a reasonable expectance of realization, that the  
71 12 liabilities of the state credit union have been discharged and  
71 13 distribution made to its members, and that the liquidation has  
71 14 been completed, the superintendent shall issue a certificate  
71 15 of dissolution, which certificate shall be filed and recorded  
71 16 in the county in which the state credit union has its  
71 17 principal place of business and in the county in which its  
71 18 original articles of incorporation were filed and recorded.

71 19 b. Upon the issuance of a certificate of dissolution, the  
71 20 existence of the state credit union shall cease.

71 21 6. a. At any time prior to any distribution of its  
71 22 assets, a state credit union may revoke the voluntary  
71 23 dissolution proceedings by the affirmative vote of a majority  
71 24 of its members eligible to vote. This vote, if taken, shall  
71 25 be at a special meeting called for that purpose in the manner  
71 26 prescribed by the bylaws.

71 27 b. The board of directors shall immediately notify the  
71 28 superintendent of any such action to revoke voluntary  
71 29 dissolution proceedings.

71 30 Sec. 67. NEW SECTION. 533.406 STATE CREDIT UNION MERGER,  
71 31 CONVERSION, OR DISSOLUTION.

71 32 Notwithstanding section 533.301, subsection 25, a state  
71 33 credit union shall comply with the state law requirements for  
71 34 merger, conversion, or dissolution of a state credit union.

71 35 Sec. 68. NEW SECTION. 533.501 SUPERVISORY ACTION.

72 1 1. CEASE AND DESIST ORDER.

72 2 a. (1) If the superintendent has reason to believe that  
72 3 an officer, director, employee, or committee member of a state  
72 4 credit union has violated any law, rule, or cease and desist  
72 5 order relating to a state credit union, or has engaged in an  
72 6 unsafe or unsound practice in conducting the business of a  
72 7 state credit union, the superintendent may cause notice to be  
72 8 served upon the officer, director, employee, or committee  
72 9 member to appear before the superintendent to show cause why  
72 10 the person should not be removed from office or employment. A  
72 11 copy of such notice shall be sent by certified mail or  
72 12 restricted certified mail to each director of the state credit  
72 13 union affected.

72 14 (2) If the superintendent finds that the accused has  
72 15 violated a law, rule, or cease and desist order relating to a  
72 16 state credit union, or has engaged in an unsafe or unsound  
72 17 practice in conducting the business of a state credit union,  
72 18 after granting the accused reasonable opportunity to be heard,  
72 19 the superintendent in the superintendent's discretion may  
72 20 order that the accused be removed from office and from any  
72 21 position of employment with the state credit union. The  
72 22 superintendent may further order that the accused not accept  
72 23 employment in any state credit union under the  
72 24 superintendent's jurisdiction without the superintendent's  
72 25 prior approval.

72 26 (3) A copy of the order shall be served upon the accused  
72 27 and upon the state credit union affected, at which time the  
72 28 accused shall cease to be an officer, director, employee, or  
72 29 committee member of the state credit union.

72 30 b. (1) If the superintendent determines that a state  
72 31 credit union has violated any of the provisions of this  
72 32 chapter, after notice and opportunity for hearing, the  
72 33 superintendent shall order the state credit union to correct  
72 34 the violation, except when the state credit union is  
72 35 insolvent.

73 1 (2) The superintendent may specify the manner in which the  
73 2 violation is to be corrected and grant the state credit union  
73 3 not more than sixty days within which to comply with the  
73 4 order.

73 5 (3) The superintendent may revoke a state credit union's  
73 6 certificate of approval for failure to comply with the order.

73 7 (4) If the certificate of approval has been revoked, the  
73 8 superintendent may apply to the district court of the county  
73 9 in which the state credit union is located for the appointment  
73 10 of a receiver for the state credit union.

73 11 2. SUMMARY CEASE AND DESIST ORDER.

73 12 a. (1) If it appears to the superintendent that a state  
73 13 credit union, or any director, officer, employee, or committee  
73 14 member of a state credit union, is engaging in or is about to  
73 15 engage in an unsafe or unsound practice or dishonest act in  
73 16 conducting the business of the state credit union that is  
73 17 likely to cause insolvency or substantial dissipation of  
73 18 assets or earnings of the state credit union, or is likely to  
73 19 seriously weaken the condition of the state credit union or  
73 20 otherwise seriously prejudice the interests of its members,  
73 21 the superintendent may issue an interim summary cease and  
73 22 desist order requiring the state credit union, or any  
73 23 director, officer, employee, or committee member, to cease and  
73 24 desist from any such practice or act, and may take affirmative  
73 25 action, including suspension of the director, officer,  
73 26 employee, or committee member to prevent such insolvency,  
73 27 dissipation, condition, or prejudice.

73 28 (2) The interim order shall become effective upon personal  
73 29 service upon the state credit union, or upon the director,  
73 30 officer, employee, or committee member of the state credit  
73 31 union, and remain effective and enforceable pending the  
73 32 completion of administrative proceedings conducted pursuant to  
73 33 this section and issuance of a final order.

73 34 b. (1) The interim order shall contain a concise  
73 35 statement of the facts constituting the alleged unsafe or  
74 1 unsound practice or alleged dishonest act, and shall fix a  
74 2 time and place at which a hearing will be held to determine  
74 3 whether a final order to cease and desist should issue against  
74 4 the state credit union, or any director, officer, employee, or  
74 5 committee member.

74 6 (2) The hearing shall be fixed for a date not later than  
74 7 thirty days after service of the interim order unless a later  
74 8 date is set at the request of the party served.

74 9 (3) If the state credit union, or the director, officer,  
74 10 employee, or committee member, fails to appear at the hearing,

74 11 the state credit union, or the director, officer, employee, or  
74 12 committee member, is deemed to have consented to the issuance  
74 13 of a final cease and desist order.

74 14 (4) In the event of such consent, or if upon the record  
74 15 made at the hearing the superintendent finds that any unsafe  
74 16 or unsound practice or dishonest act specified in the interim  
74 17 order has been established, the superintendent may issue and  
74 18 serve upon the state credit union, or the director, officer,  
74 19 employee, or committee member, a final order to cease and  
74 20 desist from any such practice or act. The order may require  
74 21 the state credit union, or the director, officer, employee, or  
74 22 committee member, to cease and desist from any such practice  
74 23 or act and direct affirmative action, including suspension of  
74 24 the director, officer, employee, or committee member.

74 25 c. (1) A hearing provided for in this section shall be  
74 26 presided over by an administrative law judge appointed in  
74 27 accordance with section 17A.11.

74 28 (2) The hearing shall be private, unless the  
74 29 superintendent determines after full consideration of the  
74 30 views of the party afforded the hearing, that a public hearing  
74 31 is necessary to protect the public interest.

74 32 (3) After the hearing, and within thirty days after the  
74 33 case has been submitted for decision, the superintendent shall  
74 34 review the proposed order of the administrative law judge and  
74 35 render a final decision, including findings of fact upon which  
75 1 the decision is predicated, and issue and serve upon each  
75 2 party to the proceeding an order consistent with this section.

75 3 (4) Records and information relating to the hearing shall  
75 4 be confidential and not subject to subpoena. Such records and  
75 5 information shall not constitute a public record subject to  
75 6 examination or copying under chapter 22.

75 7 d. Any final order issued by the superintendent shall  
75 8 become effective upon service upon the state credit union,  
75 9 director, officer, employee, or committee member.

75 10 e. In the case of violation or threatened violation of, or  
75 11 failure to obey, an order, the superintendent may apply to the  
75 12 district court of the county in which the state credit union  
75 13 has its principal place of business for the enforcement of the  
75 14 order and such court shall have jurisdiction and power to  
75 15 order and require compliance with the order.

75 16 f. (1) Within ten days after a state credit union or any  
75 17 director, officer, employee, or committee member is served  
75 18 with a summary cease and desist order, the state credit union  
75 19 or director, officer, employee, or committee member affected  
75 20 may apply to the district court in the county in which the  
75 21 state credit union has its principal place of business for an  
75 22 injunction setting aside, limiting, or suspending the  
75 23 enforcement, operation, or effectiveness of the interim order  
75 24 pending the completion of administrative proceedings.

75 25 (2) If serious prejudice to the interests of the  
75 26 superintendent, the state credit union, or the officer,  
75 27 director, employee, or committee member would result from a  
75 28 court hearing, the court may order the judicial proceeding to  
75 29 be conducted in camera.

75 30 Sec. 69. NEW SECTION. 533.502 GROUNDS FOR MANAGEMENT OF  
75 31 STATE CREDIT UNION BY SUPERINTENDENT.

75 32 1. Notwithstanding any other provision of this chapter,  
75 33 the superintendent may take over the management of the  
75 34 property and business of a state credit union when it appears  
75 35 to the superintendent that any of the following actions have  
76 1 occurred or conditions exist:

76 2 a. The state credit union has violated any law of this  
76 3 state.

76 4 b. The capital of the state credit union is impaired.

76 5 c. The state credit union is conducting its business in an  
76 6 unsafe or unsound manner.

76 7 d. The state credit union is in such condition that it is  
76 8 unsound, unsafe, or inexpedient for it to transact business.

76 9 e. The state credit union has suspended or refused payment  
76 10 of its deposits or other liabilities.

76 11 f. The state credit union refuses to make its records  
76 12 available to the superintendent for examination or otherwise  
76 13 refuses to make available, through an officer or employee  
76 14 having knowledge, information required by the superintendent  
76 15 for the proper discharge of the duties of the superintendent's  
76 16 office.

76 17 g. The state credit union neglects or refuses to observe  
76 18 any order of the superintendent made pursuant to the  
76 19 provisions of this chapter, unless the enforcement of such  
76 20 order is stayed in a court proceeding brought by the state  
76 21 credit union.

76 22 h. The state credit union has not transacted any business  
76 23 or performed any of the duties contemplated by its  
76 24 authorization to do business for a period of at least one  
76 25 hundred eighty days.

76 26 2. The superintendent shall thereafter manage the property  
76 27 and business of the state credit union until such time as the  
76 28 superintendent may relinquish to the state credit union the  
76 29 management, upon such conditions as the superintendent may  
76 30 prescribe, or until the affairs of the state credit union are  
76 31 finally dissolved as provided in this chapter.

76 32 3. Judicial review of the actions of the superintendent  
76 33 may be sought in accordance with chapter 17A. However,  
76 34 contested case provisions of chapter 17A, the Iowa  
76 35 administrative procedure Act, do not apply to an action by the  
77 1 superintendent to take over the management of or to manage a  
77 2 state credit union, as authorized by this section.

77 3 Sec. 70. NEW SECTION. 533.503 SUPERINTENDENT AS  
77 4 RECEIVER.

77 5 1. In all situations in which the superintendent has been  
77 6 appointed as receiver as provided in this chapter, the  
77 7 superintendent shall make a diligent effort to collect and  
77 8 realize on the assets of the state credit union, and shall  
77 9 make distribution of the proceeds from time to time to those  
77 10 entitled in the order provided for by law.

77 11 a. The superintendent may execute as receiver, or after  
77 12 the receivership has terminated, assignments, releases, and  
77 13 satisfactions to effectuate sales and transfers.

77 14 b. Upon the order of the court in which the receivership  
77 15 is pending, the superintendent may sell or compound all bad or  
77 16 doubtful debts.

77 17 c. Upon the order of the court in which the receivership  
77 18 is pending, the superintendent may sell all the real and  
77 19 personal property of the state credit union, on such terms as  
77 20 the court shall direct.

77 21 2. All expenses of the receivership and dissolution shall  
77 22 be determined by the superintendent, subject to the approval  
77 23 of the district court, and shall be paid out of the assets of  
77 24 the state credit union.

77 25 3. At the completion of the receivership, the  
77 26 superintendent shall file a final report which shall contain  
77 27 details of receivership activity and such additional facts as  
77 28 the court may require.

77 29 4. a. Upon the submission and approval of the final  
77 30 report, the court shall enter a decree dissolving the state  
77 31 credit union and discharging the receiver, at which time the  
77 32 existence of the state credit union shall cease.

77 33 b. The clerk of the district court shall file and record  
77 34 certified copies of the decree with the county recorder of the  
77 35 county in which the state credit union has its principal place  
78 1 of business and with the county recorder of the county in  
78 2 which its original articles of incorporation were filed and  
78 3 recorded. A fee shall not be charged by the county recorder  
78 4 for the filing or recording of such decree.

78 5 Sec. 71. NEW SECTION. 533.504 TENDER OF RECEIVERSHIP TO  
78 6 INSURANCE PLAN.

78 7 1. a. The superintendent may tender to the administrator  
78 8 of an account insurance plan approved under this chapter the  
78 9 appointment as receiver for an insured state credit union.

78 10 b. If the insurance plan administrator accepts the  
78 11 appointment as receiver, the rights of the members and other  
78 12 creditors of the insured state credit union shall be  
78 13 determined in accordance with the laws of this state and the  
78 14 insurance plan administrator shall comply with all applicable  
78 15 provisions of this chapter.

78 16 2. The administrator of an account insurance plan as  
78 17 receiver shall possess the powers, rights, and privileges  
78 18 given to the superintendent as provided by law.

78 19 3. If the administrator of an account insurance plan pays  
78 20 or makes available for payment the insured liabilities of a  
78 21 state credit union, the administrator shall be subrogated by  
78 22 operation of law to all rights of the members against the  
78 23 insured state credit union in the same manner and to the same  
78 24 extent as subrogation is provided for in applicable laws in  
78 25 the case of a closed federal credit union.

78 26 Sec. 72. NEW SECTION. 533.505 SUBPOENA == CONTEMPT.

78 27 1. The superintendent or the superintendent's designee may  
78 28 subpoena witnesses, compel their attendance, administer an  
78 29 oath, examine any person under oath, and require the  
78 30 production of any relevant record during the period of  
78 31 examination.

78 32 2. An examination may be conducted on any subject relating

78 33 to the duties imposed upon or powers vested in the  
78 34 superintendent.

78 35 3. Whenever a person subpoenaed pursuant to subsection 1  
79 1 fails to produce a record or to give testimony as required by  
79 2 the terms of the subpoena, the superintendent may apply to the  
79 3 district court of Polk county for the enforcement of the  
79 4 subpoena or the issuance of an order compelling compliance.

79 5 4. The refusal of any person to obey an order of the  
79 6 district court issued pursuant to subsection 1, without  
79 7 reasonable cause, shall be considered a contempt of court.

79 8 Sec. 73. NEW SECTION. 533.506 LIMITATION OF ACTIONS.

79 9 1. All causes of action against a state credit union based  
79 10 upon a claim or claims inconsistent with an entry or entries  
79 11 in a state credit union record or ledger, made in the regular  
79 12 course of business, shall be deemed to have accrued, and shall  
79 13 accrue, one year after the date of such entry or entries.

79 14 2. An action founded upon such a cause shall not be  
79 15 brought after the expiration of ten years from the date of  
79 16 such accrual.

79 17 Sec. 74. NEW SECTION. 533.507 FALSE STATEMENTS FOR  
79 18 CREDIT == FRAUDULENT PRACTICE.

79 19 A person who knowingly makes or causes to be made, directly  
79 20 or indirectly, any false statement in writing, or who  
79 21 procures, knowing that a false statement in writing has been  
79 22 made concerning the financial condition or means or ability to  
79 23 pay of such person or any other person in which such person is  
79 24 interested or for whom such person is acting with the intent  
79 25 that such statement shall be relied upon by a state credit  
79 26 union for the purpose of procuring the delivery of property,  
79 27 the payment of cash, or the receipt of credit in any form, for  
79 28 the benefit of such person or of any other person in which  
79 29 such person is interested or for whom such person is acting,  
79 30 is guilty of a fraudulent practice.

79 31 Sec. 75. NEW SECTION. 533.508 FALSE STATEMENTS ==  
79 32 PENALTIES.

79 33 1. A director, officer, or employee of a state credit  
79 34 union shall not intentionally publish, disseminate, or  
79 35 distribute any advertising or notice containing any false,  
80 1 misleading, or deceptive statements concerning rates, terms,  
80 2 or conditions on which loans are made, or deposits or share  
80 3 installments are received, or concerning any charge which the  
80 4 state credit union is authorized to impose pursuant to this  
80 5 chapter, or concerning the financial condition of the state  
80 6 credit union. Any director, officer, or employee of a state  
80 7 credit union who violates the provisions of this section is  
80 8 guilty of a fraudulent practice.

80 9 2. Any person who maliciously or with intent to deceive  
80 10 makes, publishes, utters, repeats, or circulates any false  
80 11 statement concerning any state credit union which imputes or  
80 12 tends to impute insolvency, unsound financial condition or  
80 13 financial embarrassment, or which may tend to cause or provoke  
80 14 or aid in causing or provoking a general withdrawal of  
80 15 deposits from such state credit union, or which may otherwise  
80 16 injure or tend to injure the business or goodwill of such  
80 17 state credit union, is guilty of a simple misdemeanor.

80 18 Sec. 76. NEW SECTION. 533.509 PENALTY FOR FALSIFICATION.

80 19 A director, officer, agent, or employee of a state credit  
80 20 union, a credit union service organization, or any other  
80 21 person who knowingly signs, makes, or consents to another  
80 22 person making any false statement or false entry in the books  
80 23 of the state credit union or credit union service  
80 24 organization, or knowingly signs, makes, or consents to the  
80 25 making of any false report regarding a state credit union or  
80 26 credit union service organization, or knowingly diverts the  
80 27 funds of the state credit union, is guilty of a class "C"  
80 28 felony and is forever after barred from holding any office or  
80 29 position in a state credit union or credit union service  
80 30 organization.

80 31 DIVISION II

80 32 Sec. 77. Section 8A.412, subsection 18, Code 2007, is  
80 33 amended to read as follows:

80 34 18. The administrator and the deputy administrator of the  
80 35 credit union division of the department of commerce, all  
81 1 members of the credit union ~~review board~~ council, and all  
81 2 employees of the credit union division.

81 3 Sec. 78. Section 12C.13, Code 2007, is amended to read as  
81 4 follows:

81 5 12C.13 DEPOSIT NOT MEMBERSHIP.

81 6 Notwithstanding chapter 534, the deposit of public funds in  
81 7 ~~an association a credit union~~ defined in section ~~533.1~~ 533.102  
81 8 or an association defined in 534.102 does not constitute being

81 9 a shareholder, stockholder, or owner of a corporation in  
81 10 violation of Article VIII of the Constitution of the State of  
81 11 Iowa or any other provision of law.

81 12 Sec. 79. Section 12C.16, subsection 1, paragraph b,  
81 13 subparagraph (4), Code 2007, is amended to read as follows:

81 14 (4) To the extent of the guarantee, loans, obligations, or  
81 15 nontransferable letters of credit upon which the payment of  
81 16 principal and interest is fully secured or guaranteed by the  
81 17 United States of America or an agency or instrumentality of  
81 18 the United States of America or the ~~U.-S.~~ United States  
81 19 central credit union, a corporate central credit union  
81 20 organized under section ~~533.38~~ 533.213, or a corporate credit  
81 21 union organized under 12 C.F.R. } 704, and the rating of any  
81 22 one of such credit unions remains within the two highest  
81 23 classifications of prime established by at least one of the  
81 24 standard rating services approved by the superintendent of  
81 25 banking by rule pursuant to chapter 17A. The treasurer of  
81 26 state shall adopt rules pursuant to chapter 17A to implement  
81 27 this section.

81 28 Sec. 80. Section 12C.17, subsection 1, paragraph c, Code  
81 29 2007, is amended to read as follows:

81 30 c. The securities shall be deposited with the federal  
81 31 reserve bank, the federal home loan bank of Des Moines, Iowa,  
81 32 or the ~~U.-S.~~ United States central credit union, a corporate  
81 33 central credit union organized under section ~~533.38~~ 533.213,  
81 34 or a corporate credit union organized under 12 C.F.R. } 704  
81 35 pursuant to a bailment agreement or a pledge custody  
82 1 agreement.

82 2 Sec. 81. Section 12C.17, subsection 4, Code 2007, is  
82 3 amended to read as follows:

82 4 4. Upon written request from the appropriate public  
82 5 officer but not less than monthly, the federal reserve bank,  
82 6 the federal home loan bank of Des Moines, Iowa, the ~~U.-S.~~  
82 7 United States central credit union, a corporate central credit  
82 8 union organized under section ~~533.38~~ 533.213, or a corporate  
82 9 credit union organized under 12 C.F.R. } 704 shall report a  
82 10 description, the par value, and the market value of any  
82 11 pledged collateral by a credit union.

82 12 Sec. 82. Section 12C.23, subsection 3, paragraph b, Code  
82 13 2007, is amended to read as follows:

82 14 b. The loss to public depositors shall be satisfied, first  
82 15 through any applicable deposit insurance and then through the  
82 16 sale of securities pledged by the defaulting credit union, and  
82 17 then the assets of the defaulting credit union. The priority  
82 18 of claims are those established pursuant to section ~~533.22~~  
82 19 533.404, subsection 1, paragraph "b". To the extent permitted  
82 20 by federal law, in the distribution of an insolvent federally  
82 21 chartered credit union's assets, the order of payment of  
82 22 liabilities if its assets are insufficient to pay in full all  
82 23 its liabilities for which claims are made shall be in the same  
82 24 order as for the equivalent type of state chartered credit  
82 25 union as provided in section ~~533.22~~ 533.404, subsection 1,  
82 26 paragraph "b".

82 27 Sec. 83. Section 15.333, subsection 1, Code 2007, is  
82 28 amended to read as follows:

82 29 1. An eligible business may claim a tax credit equal to a  
82 30 percentage of the new investment directly related to new jobs  
82 31 created by the location or expansion of an eligible business  
82 32 under the program. The tax credit shall be amortized equally  
82 33 over five calendar years. The tax credit shall be allowed  
82 34 against taxes imposed under chapter 422, division II, III, or  
82 35 V, and against the moneys and credits tax imposed in section  
83 1 ~~533.24~~ 533.329. If the business is a partnership, S  
83 2 corporation, limited liability company, cooperative organized  
83 3 under chapter 501 and filing as a partnership for federal tax  
83 4 purposes, or estate or trust electing to have the income taxed  
83 5 directly to the individual, an individual may claim the tax  
83 6 credit allowed. The amount claimed by the individual shall be  
83 7 based upon the pro rata share of the individual's earnings of  
83 8 the partnership, S corporation, limited liability company,  
83 9 cooperative organized under chapter 501 and filing as a  
83 10 partnership for federal tax purposes, or estate or trust. The  
83 11 percentage shall be determined as provided in section 15.335A.  
83 12 Any tax credit in excess of the tax liability for the tax year  
83 13 may be credited to the tax liability for the following seven  
83 14 years or until depleted, whichever occurs first.

83 15 Subject to prior approval by the department of economic  
83 16 development, in consultation with the department of revenue,  
83 17 an eligible business whose project primarily involves the  
83 18 production of value-added agricultural products or uses  
83 19 biotechnology-related processes may elect to receive a refund

83 20 of all or a portion of an unused tax credit. For purposes of  
83 21 this subsection, such an eligible business includes a  
83 22 cooperative described in section 521 of the Internal Revenue  
83 23 Code which is not required to file an Iowa corporate income  
83 24 tax return, and whose project primarily involves the  
83 25 production of ethanol. The refund may be applied against a  
83 26 tax liability imposed under chapter 422, division II, III, or  
83 27 V, and against the moneys and credits tax imposed in section  
83 28 ~~533.24~~ 533.329. If the business is a partnership, S  
83 29 corporation, limited liability company, cooperative organized  
83 30 under chapter 501 and filing as a partnership for federal tax  
83 31 purposes, or estate or trust electing to have the income taxed  
83 32 directly to the individual, an individual may claim the tax  
83 33 credit allowed. The amount claimed by the individual shall be  
83 34 based upon the pro rata share of the individual's earnings of  
83 35 the partnership, S corporation, limited liability company,  
84 1 cooperative organized under chapter 501 and filing as a  
84 2 partnership for federal tax purposes, or estate or trust.

84 3 Sec. 84. Section 15E.43, subsection 1, paragraph a, Code  
84 4 2007, is amended to read as follows:

84 5 a. For tax years beginning on or after January 1, 2002, a  
84 6 tax credit shall be allowed against the taxes imposed in  
84 7 chapter 422, divisions II, III, and V, and in chapter 432, and  
84 8 against the moneys and credits tax imposed in section ~~533.24~~  
84 9 533.329, for a portion of a taxpayer's equity investment, as  
84 10 provided in subsection 2, in a qualifying business or a  
84 11 community-based seed capital fund. An individual may claim a  
84 12 tax credit under this paragraph of a partnership, limited  
84 13 liability company, S corporation, estate, or trust electing to  
84 14 have income taxed directly to the individual. The amount  
84 15 claimed by the individual shall be based upon the pro rata  
84 16 share of the individual's earnings from the partnership,  
84 17 limited liability company, S corporation, estate, or trust.

84 18 Sec. 85. Section 15E.44, subsection 4, Code 2007, is  
84 19 amended to read as follows:

84 20 4. After verifying the eligibility of a qualifying  
84 21 business, the board shall issue a tax credit certificate to be  
84 22 attached to the equity investor's tax return. The tax credit  
84 23 certificate shall contain the taxpayer's name, address, tax  
84 24 identification number, the amount of credit, the name of the  
84 25 qualifying business, and other information required by the  
84 26 department of revenue. The tax credit certificate, unless  
84 27 rescinded by the board, shall be accepted by the department of  
84 28 revenue as payment for taxes imposed pursuant to chapter 422,  
84 29 divisions II, III, and V, and in chapter 432, and for the  
84 30 moneys and credits tax imposed in section ~~533.24~~ 533.329,  
84 31 subject to any conditions or restrictions placed by the board  
84 32 upon the face of the tax credit certificate and subject to the  
84 33 limitations of section 15E.43.

84 34 Sec. 86. Section 15E.45, subsection 4, Code 2007, is  
84 35 amended to read as follows:

85 1 4. After verifying the eligibility of the community-based  
85 2 seed capital fund, the board shall issue a tax credit  
85 3 certificate to be attached to the taxpayer's tax return. The  
85 4 tax credit certificate shall contain the taxpayer's name,  
85 5 address, tax identification number, the amount of the tax  
85 6 credit, the name of the community-based seed capital fund, and  
85 7 other information required by the department of revenue. The  
85 8 tax credit certificate, unless rescinded by the board, shall  
85 9 be accepted by the department of revenue or a local taxing  
85 10 district, as applicable, as payment for taxes imposed pursuant  
85 11 to chapter 422, divisions II, III, and V, and chapter 432, and  
85 12 as payment for the moneys and credits tax imposed pursuant to  
85 13 section ~~533.24~~ 533.329, subject to any conditions or  
85 14 restrictions placed by the board on the face of the tax credit  
85 15 certificate and subject to the limitations of section 15E.43.

85 16 Sec. 87. Section 15E.51, subsection 2, Code 2007, is  
85 17 amended to read as follows:

85 18 2. A tax credit shall be allowed against the taxes imposed  
85 19 in chapter 422, divisions II, III, and V, and in chapter 432,  
85 20 and against the moneys and credits tax imposed in section  
85 21 ~~533.24~~ 533.329, for a portion of a taxpayer's equity  
85 22 investment in a venture capital fund. An individual may claim  
85 23 a tax credit under this section of a partnership, limited  
85 24 liability company, S corporation, estate, or trust electing to  
85 25 have income taxed directly to the individual. The amount  
85 26 claimed by the individual shall be based upon the pro rata  
85 27 share of the individual's earnings from the partnership,  
85 28 limited liability company, S corporation, estate, or trust.

85 29 Sec. 88. Section 15E.62, subsection 6, Code 2007, is  
85 30 amended to read as follows:

85 31 6. "Tax credit" means a contingent tax credit issued  
85 32 pursuant to section 15E.66 that is available against tax  
85 33 liabilities imposed by chapter 422, divisions II, III, and V,  
85 34 and by chapter 432 and against the moneys and credits tax  
85 35 imposed by section ~~533.24~~ 533.329.

86 1 Sec. 89. Section 15E.232, subsection 2, paragraph a, Code  
86 2 2007, is amended to read as follows:

86 3 a. A nongovernmental entity making a contribution to an  
86 4 economic development region revolving fund, except those  
86 5 described in paragraph "b", may claim a tax credit equal to  
86 6 twenty percent of the amount contributed to the revolving  
86 7 fund. The tax credit shall be allowed against taxes imposed  
86 8 in chapter 422, divisions II, III, and V, and in chapter 432,  
86 9 and against the moneys and credits tax imposed in section  
86 10 ~~533.24~~ 533.329. An individual may claim under this subsection  
86 11 the tax credit of a partnership, limited liability company, S  
86 12 corporation, estate, or trust electing to have income taxed  
86 13 directly to the individual. The amount claimed by the  
86 14 individual shall be based upon the pro rata share of the  
86 15 individual's earnings from the partnership, limited liability  
86 16 company, S corporation, estate, or trust. Any tax credit in  
86 17 excess of the taxpayer's liability for the tax year may be  
86 18 credited to the tax liability for the following ten years or  
86 19 until depleted, whichever occurs first. A tax credit shall  
86 20 not be carried back to a tax year prior to the tax year in  
86 21 which the taxpayer redeems the tax credit. A tax credit under  
86 22 this section is not transferable.

86 23 Sec. 90. Section 15E.305, subsection 1, Code 2007, is  
86 24 amended to read as follows:

86 25 1. For tax years beginning on or after January 1, 2003, a  
86 26 tax credit shall be allowed against the taxes imposed in  
86 27 chapter 422, divisions II, III, and V, and in chapter 432, and  
86 28 against the moneys and credits tax imposed in section ~~533.24~~  
86 29 533.329 equal to twenty percent of a taxpayer's endowment gift  
86 30 to an endow Iowa qualified community foundation. An  
86 31 individual may claim a tax credit under this section of a  
86 32 partnership, limited liability company, S corporation, estate,  
86 33 or trust electing to have income taxed directly to the  
86 34 individual. The amount claimed by the individual shall be  
86 35 based upon the pro rata share of the individual's earnings  
87 1 from the partnership, limited liability company, S  
87 2 corporation, estate, or trust. A tax credit shall be allowed  
87 3 only for an endowment gift made to an endow Iowa qualified  
87 4 community foundation for a permanent endowment fund  
87 5 established to benefit a charitable cause in this state. Any  
87 6 tax credit in excess of the taxpayer's tax liability for the  
87 7 tax year may be credited to the tax liability for the  
87 8 following five years or until depleted, whichever occurs  
87 9 first. A tax credit shall not be carried back to a tax year  
87 10 prior to the tax year in which the taxpayer claims the tax  
87 11 credit.

87 12 Sec. 91. Section 15I.2, subsection 1, paragraph a,  
87 13 unnumbered paragraph 1, Code 2007, is amended to read as  
87 14 follows:

87 15 Any nonretail, nonservice business may claim a tax credit  
87 16 equal to a percentage of the annual wages and benefits paid  
87 17 for a qualified new job created by the location or expansion  
87 18 of the business in the state. The tax credit shall be allowed  
87 19 against taxes imposed under chapter 422, division II, III, or  
87 20 V, and chapter 432 and against the moneys and credits tax  
87 21 imposed in section ~~533.24~~ 533.329. The percentage shall be  
87 22 equal to the amount provided in subsection 2.

87 23 Sec. 92. Section 68B.35, subsection 2, paragraph e, Code  
87 24 2007, is amended to read as follows:

87 25 e. Members of the state banking council, the ethics and  
87 26 campaign disclosure board, the credit union ~~review board~~  
87 27 council, the economic development board, the employment appeal  
87 28 board, the environmental protection commission, the health  
87 29 facilities council, the Iowa finance authority, the Iowa  
87 30 public employees' retirement system investment board, the  
87 31 board of the Iowa lottery authority, the natural resource  
87 32 commission, the board of parole, the petroleum underground  
87 33 storage tank fund board, the public employment relations  
87 34 board, the state racing and gaming commission, the state board  
87 35 of regents, the tax review board, the transportation  
88 1 commission, the office of consumer advocate, the utilities  
88 2 board, the Iowa telecommunications and technology commission,  
88 3 and any full-time members of other boards and commissions as  
88 4 defined under section 7E.4 who receive an annual salary for  
88 5 their service on the board or commission. The Iowa ethics and  
88 6 campaign disclosure board shall conduct an annual review to

88 7 determine if members of any other board, commission, or  
88 8 authority should file a statement and shall require the filing  
88 9 of a statement pursuant to rules adopted pursuant to chapter  
88 10 17A.

88 11 Sec. 93. Section 252I.1, subsection 4, Code 2007, is  
88 12 amended to read as follows:

88 13 4. "Credit union" means "credit union" as defined in  
88 14 section ~~533.51~~ 533.102.

88 15 Sec. 94. Section 331.427, subsection 1, unnumbered  
88 16 paragraph 1, Code 2007, is amended to read as follows:

88 17 Except as otherwise provided by state law, county revenues  
88 18 from taxes and other sources for general county services shall  
88 19 be credited to the general fund of the county, including  
88 20 revenues received under sections 9I.11, 101A.3, 101A.7,  
88 21 123.36, 123.143, 142B.6, 176A.8, 321.105, 321.152, 321G.7,  
88 22 321I.8, section 331.554, subsection 6, sections 341A.20,  
88 23 364.3, 368.21, 423A.7, 428A.8, 430A.3, 433.15, 434.19, 445.57,  
88 24 453A.35, 458A.21, 483A.12, ~~533.24~~ 533.329, 556B.1, 583.6,  
88 25 602.8108, 904.908, and 906.17, and the following:

88 26 Sec. 95. Section 421.17A, subsection 1, paragraph c, Code  
88 27 2007, is amended to read as follows:

88 28 c. "Credit union" means "credit union" as defined in  
88 29 section ~~533.51~~ 533.102.

88 30 Sec. 96. Section 535B.11, subsection 3, unnumbered  
88 31 paragraph 2, Code 2007, is amended to read as follows:

88 32 Compliance with sections 524.905, ~~533.16~~ 533.315, 534.206,  
88 33 and 536A.20 shall constitute compliance with this subsection.

88 34 Sec. 97. Section 537.2305, subsection 1, Code 2007, is  
88 35 amended to read as follows:

89 1 1. For the purpose of discovering violations of this  
89 2 chapter or securing information lawfully required, the  
89 3 licensing authority shall examine periodically at intervals  
89 4 the licensing authority deems appropriate, but not less  
89 5 frequently than is required for other examinations of the  
89 6 licensee by section 524.217, ~~533.6~~ 533.113, 534.401, 536.10,  
89 7 or 536A.15, whichever is applicable, the loans, business, and  
89 8 records of every licensee, except a licensee which has no  
89 9 office physically located in this state and engages in no  
89 10 face-to-face solicitation in this state. In addition, the  
89 11 licensing authority may at any time investigate the loans,  
89 12 business, and records of any lender. For these purposes the  
89 13 licensing authority shall be given free and reasonable access  
89 14 to the offices, places of business, and records of the lender.

89 15 Sec. 98. Section 546.4, Code 2007, is amended to read as  
89 16 follows:

89 17 546.4 CREDIT UNION DIVISION.

89 18 1. The credit union division created by section 533.103  
89 19 shall regulate and supervise credit unions under chapter 533.

89 20 2. The division is headed by the superintendent of credit  
89 21 unions who shall be appointed pursuant to section ~~533.55~~  
89 22 533.104.

89 23 3. The credit union ~~review board~~ council shall perform  
89 24 duties within the division as prescribed in chapter 533.

89 25 Sec. 99. Section 602.8102, subsection 73, Code 2007, is  
89 26 amended to read as follows:

89 27 73. Certify copies of a decree dissolving a credit union  
89 28 as provided in section ~~533.21~~ 533.503, subsection 4.

89 29 Sec. 100. Chapter 533, Code 2007, is repealed.

89 30 Sec. 101. CODE EDITOR DIRECTIVE.

89 31 1. The Code editor shall establish the following divisions  
89 32 in chapter 533:

89 33 a. Division I, entitled "administration of Act", shall be  
89 34 comprised of sections 533.101 through 533.117.

89 35 b. Division II, entitled "organization of credit unions",  
90 1 shall be comprised of sections 533.201 through 533.213.

90 2 c. Division III, entitled "credit union operations", shall  
90 3 be comprised of sections 533.301 through 533.340.

90 4 d. Division IV, entitled "merger, conversion, and  
90 5 dissolution of credit unions", shall be comprised of sections  
90 6 533.401 through 533.406.

90 7 e. Division V, entitled "supervisory actions, limitations,  
90 8 and penalties", shall be comprised of sections 533.501 through  
90 9 533.509.

90 10 2. The Code editor shall make such other revisions  
90 11 throughout the Code to update references to particular  
90 12 provisions of the Iowa credit union Act, and such other  
90 13 revisions consistent with this Act.

90 14 EXPLANATION

90 15 This bill relates to the credit union division of the  
90 16 department of commerce, revising and reorganizing the Iowa  
90 17 credit union Act, Code chapter 533. Current Code chapter 533

90 18 is repealed.

90 19 The bill structures the Iowa credit union Act into five  
90 20 divisions. The first, administration of Act, groups sections  
90 21 with definitions, as well as the creation of the credit union  
90 22 division, and management of the division. Provisions related  
90 23 to annual fees, records, and examinations are also contained  
90 24 in this division.

90 25 Division II, organization of state credit unions, relates  
90 26 to the creation and structure of individual state credit  
90 27 unions: the creation of articles of incorporation and bylaws;  
90 28 the common bond required for credit union membership; policies  
90 29 regarding officers, directors, and committees; and membership  
90 30 policies.

90 31 Division III provides the details of state credit union  
90 32 operations: state credit union powers; capitalization,  
90 33 reserves, and investments; insurance; types and operation of  
90 34 accounts; loans; safe deposit box policies; and taxes and  
90 35 other business regulations.

91 1 Division IV covers merger, conversion, and dissolution of  
91 2 credit unions. The actions in this division are primarily  
91 3 voluntary acts undertaken by the state credit union in  
91 4 changing its business form, though some of the dissolution  
91 5 principles also apply to involuntary dissolutions as well.

91 6 Division V includes supervisory actions, limitations, and  
91 7 penalties, which include supervisory action by the  
91 8 superintendent over state credit unions and directors,  
91 9 officers, employees, and committee members; management of  
91 10 state credit unions by the superintendent in cases of  
91 11 illegality or unsound business circumstances, involuntary  
91 12 dissolutions, and receiverships for insured state credit  
91 13 unions; and penalties for false statements and falsifications  
91 14 in obtaining credit.

91 15 The bill also contains revisions to other sections of the  
91 16 Code that refer to particular provisions in Code chapter 533,  
91 17 and updates those references according to the new section  
91 18 numbers.

91 19 The bill also contains a directive to the Code editor to  
91 20 insert formal names for the five divisions within Code chapter  
91 21 533, as revised, and to make revisions throughout the Code as  
91 22 necessary, in light of the revisions in Code chapter 533.

91 23 LSB 1020SS 82  
91 24 eg:rj/cf/24.2